# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

## Polish union in new struggle

Poland's biggest independent trade union, Solidarity, appears set for a fresh struggle with the authorities. A Warsaw Court yesterday wrote into its registration articles a clause acknowledging "the leading role of the Communist Party in the state."

Lech Walesa, the strike leader who founded the union, said it would appeal against the insertion of the clause which was done without his consent.

Earlier members of Solidarity—which claims 7m members—thought they had won a victory when the union was given official recognition. Back Page

### 'No escalation'

The Prison Officers' Association decided not to escalate industrial action being taken over a meal break payments dispute.

### Hunger strike

IRA prisoners in Ulster's Maze jail will go ahead with their threatened hunger strike from Monday. Page 3

### Times: no reverse

Plans advanced for the rescue of The Times under syndicate ownership as print unions acknowledged that the Thomson Organisation would not reverse its decision to sell or close the paper. Back Page with Lord Thomson, Man of the Week; Investing in Fleet Street, Page 8; Consortium question, Page 19

### Seamen rebel

Support for the National Union of Seamen's opposition to the transfer of Cunard's two Caribbean cruise ships to the Bahamian flag seemed to be disintegrating. Page 4

### Pay consideration

Negotiators representing 1.1m local authority manual workers said the economic climate would force them to consider a single-figure pay offer. Back Page; Atomic Energy Authority offers 9 per cent, Page 4

### Iraq claim

Iraq announced the final capture of the Iranian port of Khorramshahr, but Iran's army denied the claim. Page 2

### Japan oil cut

Japan is preparing to cut its oil consumption 7 per cent this winter because of interrupted supplies from Iran and Iraq. Japan workers may quit Iran project. Page 2

### Mexico quake

At least two people were killed in Puebla after an earthquake struck near Mexico City, shaking buildings for more than a minute.

### Summer time end

Summer time ends at 3 am on Sunday when clocks should be put back one hour.

### Softly, softly

Police marksmen who waited for a day outside a mid-Wales barn thought to contain a mystery animal—possibly a puma—called off their vigil after the barn proved empty.

### Briefly . . .

Margaret Thatcher will visit West Germany next month for talks with Chancellor Schmidt.

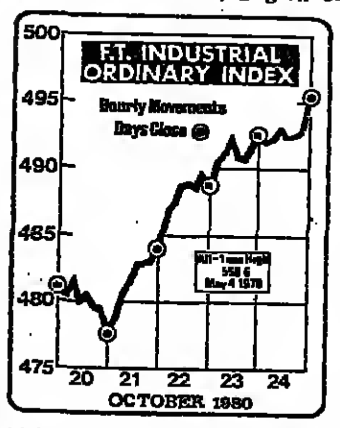
Part-time woman member of the Ulster Defence Regiment was shot by terrorists and taken to hospital in Londonderry.

Radio signal from overdue lone Atlantic oarsman Kenneth Kerr was picked up by the Army.

### BUSINESS

## Equities and gilts firm; $ improves

● EQUITIES were firm on hopes of a reduction in interest rates. The FT 30-share index gained 3.0 to 495.5, a gain of 14.4 on the week and 29.2 on the account. The FT-Actuaries All-share index closed at an all-time high of 305.01. Page 26



● GILTS advanced on foreign demand for medium and longer-dated securities. The Government Securities index put on 0.3 to 71.55. Page 26

● STERLING closed just 25 points down at $2.4480. Its trade-weighted index finished at its highest closing level for six years, up from 78.6 to 78.9. Page 25

● DOLLAR continued to improve, finishing at DM 1.8660 (DM 1.8610). Its trade-weighted index rose from 84.5 to 84.7. Page 25

● GOLD fell $4 in London to $632.5, a fall of $34 on the week. Page 25

● WALL STREET was down 1.8 to 937.71 near the close. Page 22

## Asset to liability ratio of banks to be checked

● BANK OF ENGLAND has written to all banks to say that spot checks may be undertaken to ensure the required minimum 12½ per cent ratio of reserve assets to liabilities is maintained at all times rather than just at the monthly make-up days. There have been signs of the ratio being run down in between, leading to sharp fluctuations in money market interest rates. Lex, Back Page

● AIR PORTUGAL will buy five Lockheed TriStar jets equipped with Rolls-Royce engines in a deal worth $350m. Back Page

● NATIONAL ENTERPRISE Board made a first-half loss of £5.8m after tax this year, compared with a £3.3m profit in the same period last year. Page 3

● MASSEY-FERGUSON rescue package details will be disclosed to British banks in London next week. Page 3

● CARRINGTON VIYELLA and John Bright announced Lancashire textile industry closures that will cost a further 1,200 jobs. Page 3

● GILTSPUR said it would reject a £22m equity and loan stock approach from Transport Development Group. Page 20

● CAMBRIDGE PETROLEUM Royalties shareholders rejected a merger proposal by Cambridge Royalty Company, a U.S. concern. Page 20

● BEREC GROUP, battery manufacturer, reported pre-tax profits for the 26 weeks to end August up slightly from £3.15m to £3.25m. Page 20; Lex, Back Page

● SPIRAX-SARCO Engineering reported pre-tax profits for the six months to end June down from £2.92m to £2.82m. The company plans 350 redundancies in the next six months. Page 20

● ROLLS-ROYCE nearly doubled its first-half net loss from £9m to £17m. Back Page

# Borrowing overshoot brings wider review of public spending

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE GOVERNMENT has intensified its search for additional savings in public spending next year in response to new estimates showing a higher than expected level of public sector borrowing, caused mainly by the recession.

The scale and scope of the review are larger than was being considered in the summer and now involve the defence, education, social security and law and order budgets.

A series of consultations is under way between the Treasury and spending departments.

The common thread is the growing concern with public sector borrowing. Earlier hopes that the overshoot would not be far above the forecast borrowing level of £8½bn for 1980-81 have proved too optimistic. Though borrowing in the second half of 1980-81 should be much less than the £7½bn in the first half, an overshoot of between £1½bn and £2bn to more than £10bn is now thought likely.

No new fiscal action has yet been proposed to eliminate this overshoot in the current financial year. Existing controls are, where possible, being reinforced, as shown by Thursday's announcement of a freeze on new council-house-building and the squeeze on defence spending. The overshoot this year has been caused in part by excess local authority spending, but an increasingly important influence is the deeper than expected recession. This is pushing up spending on social security benefits, cutting Government revenue and increasing the deficits of the nationalised industries, some of whose cash limits the Government has had to relax in order to avoid further price increases.

These recessionary forces are expected to have an even larger impact on borrowing in 1981-82 and to push the level well above the range of £7bn to £8bn (at next year's prices) implied by the medium-term financial strategy.

While some leeway may be sought because of the recession, the Treasury is now calling for cuts to help offset this additional borrowing which, on some City estimates, could amount to well over £2bn.

The Treasury's hope is that the balance between additional recessionary spending and the additional cuts will leave the volume of spending in 1981-82 at around the level proposed in the March White Paper on spending.

This would be 1.2 per cent less than the planned outcome this year, before allowing for the savings on the UK's contributions to the EEC Budget.

In addition, the Government will seek to hold down public sector wage rises to single figures. It is estimated that public borrowing is reduced by £300m for each percentage point by which public sector wage costs rise less than pay increases in the private sector.

The increased urgency of the search for savings has been underlined by the leaked letter of Mr. John Biffen, the Chief Secretary to the Treasury. In the letter, written in mid-September, he says: "There is a very real possibility that when we (Ministers) come to consider public expenditure in October, it will be necessary to secure cuts substantially beyond those which I proposed in July."

# Leak on defence cuts leads to row in Whitehall

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

DETAILS of the arguments the Ministry of Defence is using to fend off big new cuts in spending led to a major row in Whitehall yesterday. The Ministry's campaign—and the reaction of Tory MPs as they rounded on the Government for reneging on its election promises—is indicative of the problems ahead for the Treasury.

The Prime Minister, Mrs. Margaret Thatcher, was said to be furious about the leak of confidential documents to the Press Association news agency on Thursday. Ministers saw it as the latest example of the tactics which the Ministry is prepared to deploy to defend its programmes.

Mrs. Thatcher's main preoccupation, however, was still said to be ensuring that the Government made the necessary reductions in public spending.

A top-level inquiry has started in the Ministry of Defence into the leaking of documents detailing its negotiations with the Treasury over proposed cuts in defence spending of £400m a year in the three years to 1984.

Outside investigators had also been called in to help trace the sources of the leak. The report will go to Mr. Francis Pym, the Defence Secretary, who will then report to the Prime Minister.

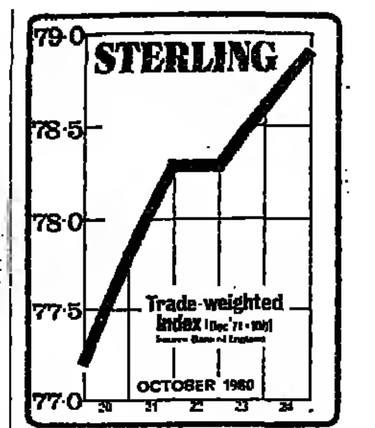
The leak was particularly embarrassing as the letters reflect the kind of bargaining which goes on in such bilateral negotiations. It is unlikely that the Treasury would expect to get the full £500m it is said to be demanding.

Ministers are insisting that no decision had been taken at all to let defence spending fall. But it is clear that Mr. Pym faces a tough battle in which he will need all the support he can get from Tory MPs.

Right-wing Conservative backbenchers said the Treasury was trying to force the Government to back down on its manifesto commitment to increase defence spending.

The one piece of encouraging news which defence Ministers hope to be able to announce is that the three month moratorium on new spending, imposed in August, is to be relaxed. Yesterday, Mr. William Rodgers, Labour's defence spokesman, called for an immediate Commons statement from the Prime Minister.

Defence plans vulnerable to cuts, Page 4



# Sterling at six year high

By Our Economics Correspondent

STERLING YESTERDAY made further large gains. Its sharp rise this week is producing growing concern among economic policymakers about the damage to British industry, and increasing pressure for an early cut in Minimum Lending Rate.

The Treasury and the Bank of England want to wait at least until preliminary indications of the October money supply figures are available towards the end of next week.

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Money markets, Page 6
ICI profits, Page 19
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Carrington Viyella sheds 1,200 jobs, Page 3

But if these figures do provide any sign of a slowdown in monetary growth, calls for an MLR reduction will intensify. A move does not look like being made for external reasons alone without some domestic justification.

The October figures could be ambiguous because of money market distortions when the statistics were collected and because of a regular three-monthly bulge in bank lending.

The concern about sterling this week has developed as the exchange rate has soared to new highs almost daily.

Yesterday, the trade-weighted index, measuring the pound's average value against a basket of other currencies, at one stage jumped by 0.7 points to 79.3 for a rise of 2.75 per cent during the week, 4.3 per cent so far this month, and more than 13 per cent this year.

Profit-taking later limited the gains and the index closed 0.3 points up at 78.9, the highest closing level for six years.

Continued on Back Page

£ in New York

| — | Oct. 23 | Previous |
|---|---|---|
| Spot | $2.4530-4540 | $2.4330-4340 |
| 1 month | 0.64-0.59 dis | 0.96-0.91 dis |
| 3 months | 1.47-1.42 dis | 1.75-1.70 dis |
| 12 months | 2.35-2.20 dis | 2.45-2.30 dis |

# U.S. consumer index rose 1% in September

BY JUREK MARTIN, U.S. EDITOR IN WASHINGTON

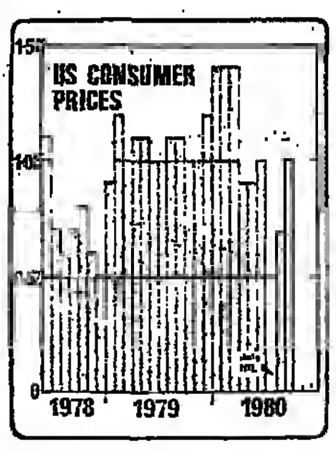
U.S. INFLATION at the retail level quickened last month. The 1 per cent increase in September in the Consumer Price Index compares unfavourably with the 0.7 per cent advance of August and no rise in July.

The September figures are the last major economic statistic due before the presidential election on November 14. Inflation and its most tangible manifestation to the voter, the Consumer Price Index, are politically far more important than in previous election years.

Evidence of worsening inflation ought to benefit Mr. Ronald Reagan, the Republican challenger to President Jimmy Carter. He was expected last night to try in a television appearance to put his faltering campaign back on what is regarded as its principal track, the state of the economy.

In the past two weeks Mr. Reagan has accused Mr. Carter of doctoring Government statistics, specifically the Wholesale Price Index and housing starts, to make the economic performance seem better than it is in reality.

In South Carolina on Thursday night he said the latest consumer price figures would demonstrate that President Carter had given the country economic "misery and despair unparalleled in recent history." He said: "I was wondering when we'd get to the point where it is cheaper to eat money."



Mr. Reagan has had trouble lately putting his economic message across, because of Mr. Carter's success in focussing national attention on the "war and peace issue," not to mention the recent flurry of expectation that the diplomatic hostages in Iran might be released shortly.

He may claim that the latest consumer price figures understate the real rate of inflation because one of the components, housing, did not fully reflect the autumn surge in interest rates.

The Housing Index, in fact, went up by 0.7 per cent, having fallen in July and risen only fractionally in August. But according to the Department of Labour's report, this was more because of the rise in house prices than that of housing finance.

Otherwise, the increase in the Index was spread across the board. Food was up 1.6 per cent, about the same as in August, while the cost of transport up 1.2 per cent, with a sharp jump in used-car prices more than offsetting a small drop in the cost of petrol.

In the three months ending in September, the Consumer Price Index rose at a compound annual rate of 7 per cent; over the full year ending last month it went up by 12.7 per cent.

The key question in assessing the economy as a political issue is whether its recent improvement after the early summer recession has affected voter attitudes and thus improved Mr. Carter's chances.

Surveys by the business-

Continued on Back Page

# £400m low coupon gilt issue launched

BY DAVID MARSH

THE BANK of England yesterday launched a low-coupon gilt-edged stock for high tax payers as most Government bond prices moved ahead on strong overseas buying. Short-term money markets, however, continued very tight, with severe upward pressure on interest rates.

The new stock—£400m of 3 per cent Treasury 1985 A—goes on sale by tender next week in fully-paid form. It takes the place of the previous low-coupon issue, 3 per cent Exchequer 1983 A, which was exhausted on October 13.

Tenders for the new stock must be lodged by Wednesday morning. The minimum tender price is set at £72.50. The special attraction for high tax payers lies in the low issue price, which produces a large capital gain as the price rises towards maturity, where the stock is redeemed at par.

Medium- and long-term stocks rose by up to £¾ yesterday. Demand from overseas investors attracted by the strong pound and high UK interest rates sparked off buying from domestic institutions.

But the issue of the new stock, together with continuing tightness in the London money markets, helped depress short-term stocks where prices fell by up to £⅛.

The Treasury reacted to general money market firmness by increasing the rate of interest on certificates of tax deposit to 14.5 per cent from 14 per cent, effective Monday.

Companies and individuals acquire these certificates ahead of payments to the Inland Revenue.

The Bank of England acted to counter money market tightness by injecting funds through bill purchases. The main cause of tightness was settlement of purchases of the long term tap stock sold out just over a week ago.

# Post charges to rise in January

BY JASON CRISP

POSTAL CHARGES will rise on January 21. A first-class letter will be 2p dearer at 14p. A second-class letter will cost 1½p more at 11½p. These give an average increase of 16 per cent.

The cost of sending mail overseas will rise on average 27 per cent. Parcels will go up 18 per cent and postal orders will be about 25 per cent dearer.

The size of the rise in overseas mail charges reflects a new international agreement under which the Post Office pays other postal administrations £16m a year because the UK sends more mail abroad than it receives.

Mr. Ron Dearing, chairman of the postal side of the Post Office, said it was "very, very tight on its cash limits" but expected to "undershoot." Inflationary pressures had made the increases necessary, particularly because 80 per cent of the organisation's costs were labour-related.

Details of the increases were sent yesterday to the Post Office Users' National Council, the statutory representative body which must have three months' notice of any rise.

Postal charges were last increased at the start of February, when the Post Office committed itself to freezing prices till the end of this year. Mr. Dearing declined to give a similar undertaking this time.

The Post Office has told POUNC that, on their own, the increases would be insufficient to meet financial targets set by the Government. Other savings would have to come from increased efficiency. Mr. Dearing said last night the Post Office needed a 5 per cent gain in productivity.

The increases are expected to raise £240m in a full year. Last year the postal business made a profit of £34.1m on a turnover of £1.7bn.

The Mail Users' Association last night welcomed the widening in differential between first- and second-class mail but criticised the sharp rise in overseas mail charges which, it said, would not help any export drive. It is also likely to press for a commitment from the Post Office to hold prices for a stated period.

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For latest Share Index 'phone 01-246 8026

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| RISES | | | | |
|---|---|---|---|---|
| Exch. 12pc '13-17 | £101¼ | + | ⅞ | |
| Dual. Dist. Prdcts. | 53 | + | 4 | |
| Barrow Chemicals | 37 | + | 4 | |
| Assd. Leisure | 138 | + | 8 | |
| Boss | 217 | + | 7 | |
| Boots | 247 | + | 5 | |
| Bowater | 189 | + | 6 | |
| Burton | 101 | + | 7 | |
| Hammon Bros. | 315 | + | 10 | |
| Lowther (J.) | 25 | + | 3 | |
| Currys | 264 | + | 5 | |
| Allen Carrier | 166 | + | 6 | |
| Home Charm | 105 | + | 7 | |
| Horizon Travel | 348 | + | 18 | |
| ICI | 336 | + | 6 | |
| Lebey Inds. | 175 | + | 10 | |
| Lynch (G. and G.) | 55 | + | 15 | |
| Ladbroke | 249 | + | 11 | |
| Land Securities | 392 | + | 6 | |
| Lon. Sent. Finance | 44 | + | 4 | |
| Lyle Shipping | 285 | + | 13 | |
| Norfolk Cap. | 46 | + | 3 | |
| Standard Chrtrd. | 653 | + | 25 | |
| Sun Life | 248 | + | 5 | |
| Websters | 38 | + | 8 | |
| Attock | 334 | + | 26 | |
| Cambridge Pet. | 340 | + | 30 | |
| Sovereign Oil | 500 | + | 35 | |
| FALLS | | | | |
| Gill and Duffus | 183 | − | 5 | |
| Highland Elect. | 38 | − | 5 | |
| Mercantile House | 373 | − | 7 | |
| Minster Assets | 68½ | − | 3 | |
| Spirax-Sarco | 166 | − | 6 | |
| Durban Deep | £18¼ | − | 1¼ | |
| Randfontein | £38¼ | − | 1½ | |

## OVERSEAS NEWS

# West German trade back in surplus

BY KEVIN DONE IN FRANKFURT

WEST GERMANY'S trade balance bounced back into the black last month with a surplus of DM 1.6bn (£350m), a considerable improvement on August's performance when the trade account showed a monthly deficit for the first time in almost 15 years.

The chief reason for the improvement was a recovery in the level of West German exports, which were worth DM 29.4bn in September, compared with DM 24.2bn in August and DM 25.1bn in September last year.

The high cost of imports—especially of energy and raw materials—has been steadily eating away at the Federal Republic's traditional trade surplus this year. But in the last couple of months import prices have slackened and the slowdown in the German economy is also having a moderating effect on the volume.

The total value of imports in September at DM 27.8bn was still well up on August (DM 24.3bn) and on September last year (DM 23.3bn), but the recovery in exports meant that the trade account was able to return to a surplus of DM 1.6bn last month compared with the small deficit of DM 133m in August.

The improvement in the Federal Republic's export performance meant that September's trade surplus was almost back to the level of DM 1.8bn registered a year ago.

The better trade figures helped to support the Deutsche Mark on the foreign exchanges here, where it has been coming under increasing pressure this week from the U.S. dollar. The dollar has been boosted by rising U.S. interest rates. In occasionally hectic trading in Frankfurt yesterday, the D-mark held its ground.

During the day the D-mark reached its weakest point at DM 1.8730 and the Bundesbank was again forced to intervene officially in the market with the declared sale of $4.1m to slow the D-mark's decline.

Despite the better trade figures, the current account of the balance of payments, which includes the "invisible" items of transfer payments and services, is still firmly in deficit.

According to the provisional figures of the Federal Statistical Office, there was a deficit of DM 2.7bn on the current account in September compared with DM 4.4bn in August and DM 2.5bn in August, 1979.

Despite the signs that the corner has been turned and that on a monthly basis the state of the current account is starting to improve, West Germany has still accumulated a total deficit on the current account of DM 24.5bn in the first nine months of 1980, compared with a deficit of only DM 8.7bn in the same period of 1979.

# U.S. backs EEC on grain sales

BY LARRY KLINGER IN BRUSSELS

THE EEC Commission yesterday cleared the way for a resumption of subsidised exports of barley to the Soviet Union. But at the same time it received a pat on the back from U.S. representatives here for the way it has supported the embargo on sales to Russia following the Soviet invasion of Afghanistan last December.

The U.S. mission rejected overnight Press reports from Washington suggesting that the EEC had allowed an increase in grain exports to Russia while at the same time ostensibly supporting President Jimmy Carter's embargo.

In supporting the Commission U.S. officials in Brussels noted that the Commission had successfully resisted strong pressures from some member states in the EEC to increase grain exports.

The EEC is experiencing a record harvest in all its main crops. So pressure to boost exports is increasing from farmers, led by the French, and by Community officials worried about the effect that bringing in surplus grain to guarantee minimum prices might have on the EEC's hard-pressed budget.

Ironically the Commission's cereals management committee has just called for tenders from November 20 for the export of 300,000 tonnes of barley to the Soviet Union. This ends the nine-month suspension that followed the U.S. trade sanctions imposed after the invasion of Afghanistan.

While the Commission decision is within the guidelines agreed by the EEC Council of Foreign Ministers on January 15, to restrict exports to "traditional" levels, the move is likely to prove controversial.

# McDonnell sued over DC-10 sale to Pakistan

BY DAVID BUCHAN IN WASHINGTON

THE U.S. Justice Department is suing McDonnell Douglas, the aircraft manufacturer, for nearly $1m in damages, alleging the company fraudulently spent a portion of a U.S. Export-Import Bank loan in secret payments to secure the sale of four DC-10 aircraft to Pakistan.

The suit is one of the first to allege that the practice of secret sales commissions by U.S. companies aboard injured the U.S. Government itself. In this case, it contends the Ex-Im Bank, the public export credit agency—which financed 35 per cent of the DC-10 sale to Pakistan was misled into lending more than it really had to.

McDonnell Douglas is accused of secretly paying $1.75m to four Pakistanis without the knowledge of the airline buying the planes, Pakistan International Airlines.

This week's civil damages suit by the Justice Department joins another filed by the Pakistan Government seeking restitution from McDonnell Douglas of the amount of the concealed payments.

The St. Louis-based company had no comment on the new suit, which follows criminal charges earlier filed against four of its executives under the U.S. anti-bribery law.

# Commission urges £60m for micro support

By Jason Crisp

WESTERN EUROPE must take urgent and concerted action if it is to stand any chance of catching up with Japan and the U.S. in the growth of micro-electronic and telecommunications, a European Commission official warned in London yesterday.

The Commission is urgently asking the Council of Ministers to provide £60m direct support for research and development projects on very advanced sub-micron technology—which puts the equivalent of 1m transistors on a single microchip.

Europe, which has under 10 per cent of world production in microelectronics is in danger of losing almost completely to Japan and the U.S. in a market which the Commission estimate will be £28.6bn by 1984.

Mr. Christopher Layton, director of high technology at the Commission, said yesterday that Europe already lagged a long way behind on products.

He said grants to help research into the highly advanced microelectronics should be made available from January as any prototype should be ready for market performance by 1985.

"The whole thrust of the Commission proposals for the telematic industry is to impress on all concerned the need to take urgent action if Western Europe is to catch up, let alone take a lead, in the telecommunication and informatics revolution," he said.

The Commission says that if the Community is not to rely increasingly on external suppliers for the most dynamic growth industries of the latter part of the century there must be much greater co-ordination of national plans and "positive cross-frontier co-operation in the development and marketing of products."

It suggests the research and development grants could be nationally financed in a partnership with the Community, which would reimburse the member countries up to half the cost of the support they provide.

Mr. Layton said that if the Council of Ministers did not make a decision this year then they would have to make it next year, when the situation would be worse.

### Liquidity change

The Swedish central bank has announced a 1 per cent increase in liquidity requirements for the country's commercial banks, the amounts commercial banks must keep in government and housing bonds or cash, Westerly Christner reports from Stockholm. This affects domestically financed loans for purposes other than building. The increase, to 41 from 40 per cent takes effect on November 1.

### Danish trade deficit

Denmark's trade deficit widened to a preliminary DKr 760m (£54m) in September from a revised DKr 343m shortfall in August but was less than the DKr 974m deficit of a year ago, the Statistics Bureau said, Reuter reports from Copenhagen. Imports in September rose to DKr 9.07bn and exports rose to DKr 8.31bn.

### Safe water plea

Over $300bn (£123bn) must be spent in the next 10 years to meet United Nations targets to provide people in the developing world with access to safe drinking water, according to a report prepared for the World Health Organisation. It says more than 1.2bn people live with the threat of water-borne illness because their only sources of drinking water are contaminated, writes David Dodwell.

# Japanese worker may quit Iran project

BY OUR FOREIGN STAFF

THE 750 JAPANESE workers who have been building the giant Mitsui petrochemical project at Bandar Khomeini in southern Iran may be withdrawn to Japan shortly, depending on the outcome of talks due to begin this weekend in Tehran.

A senior Mitsui official, Mr. Eimei Yamashita, who is president of the Iran Chemical Development Company — the Japanese partner in the $3.3bn (£1.3bn) project—is due to arrive in Tehran after a flight via Moscow.

New details are emerging of the damage sustained by the plant which was 85 per cent complete. It has been bombed five times within the past three weeks, but there have been no casualties among the Japanese workers who have been evacuated to Tehran.

On the third attack "grave" damage was caused to the caustic soda plant, according to one official. Another official, being evacuated to Turkey related how serious damage had been caused to a vital stainless steel tank for which repair is only possible in Japan.

The 50 yd diameter tank is thought to be a pressurised container for ethylene, the petrochemicals "building block." Extracting the damaged part from the site will mean demolishing a considerable amount of piping and superstructure, industry experts in London confirm.

Removal of a section of the tank will require the use of two special cranes that would have to be brought in from Japan, the official said.

The repair work itself could only be done in a special furnace available only in an advanced industrial country—in this case Japan. "Little useful work can be done on the site until the tank is back in place," the official added.

Mitsui believes that the overall costs of making good bomb damage are likely to be minimal compared with the additional interest charges that are being incurred as a result of delays at the site caused by the war. Interest payments on loans to Iran Japan Petrochemical Company, the joint venture company responsible for building the plant, work out at Y100m (£200,000) a day.

With the project now some two years behind schedule and costs escalating, the Japanese side of the joint venture, which is led by Mitsui, clearly sees its prospects as bleak.

Some time before the outbreak of the Gulf war the Iranian side—effectively the Government — had informed their Japanese partners that feedstock for the completed complex would be supplied at commercial rather than cost-of-production prices. This appears to rule out any possibility that the complex, if it is ever finished, would be profitable in world market terms.

# Kuwait returns to cautious normality

BY A CORRESPONDENT RECENTLY IN KUWAIT

THE KHOMEINI posters which once papered Kuwait's central market place are gone, an act of discretion by the merchants, many of whom are from Kurdistan. The small machine-woven mats of Khomeini's face are still on sale in the carpet souk, but they are hidden under piles of other rugs. Once they were prominently displayed.

The Iranian merchants persist in believing that Ayatollah Khomeini, within just a few days, will win the war with Iraq. And, surprisingly, their confidence comes from a belief that the U.S. will not let him be beaten. "After all, we've been brothers of the Americans for years," said one. "This hasn't changed despite what we've been saying about each other."

Kuwait's Iranians do not seem worried about reprisals. "They can only deport us and then we'll just go back to our country," said one. If that happens, he added darkly, they will also deport Kuwaitis of Iranian origin. This was the fate of one such family in September last year, after one of its members had made what the Government took to be anti-Government speeches in a local mosque. Many Kuwaiti Iranians are from Khuzestan and would approve of an independent Arab State there. But they seem to realise the futility of such a wish.

The Iraqis in Kuwait, Shi'ites from the neighbouring Basra area, have taken part in several large demonstrations in support of President Saddam Hussein at the Iraqi embassy. The Iranians say their Shi'ite brothers are doing this merely out of fear. But Iraqi intellectuals insist that the President is still popular in southern Iraq.

The third major non-Kuwaiti group, the Palestinians, who make up about 25 per cent of the population, are also in an awkward position. While President Saddam Hussein is much admired and the war is one of "Arabs against Persians," the Iranian revolutionary government now publicly supports the Palestinian cause. Many say they are emotionally on the Arab side but that Iraq has invaded Iran and ought to leave.

The Kuwaiti Government has avoided taking a public stand on the war, although its very proximity to Iraq makes it more vulnerable than the other small Gulf states to Iraqi pressure. Part of the dilemma is that of the Kuwaiti citizens, who make up only 43 per cent of the population, some 20 per cent are thought to be Shi-ites of Iranian origin, while the Government has no reason to love Iraq because of a dispute in 1973 over two islands at the head of the Gulf.

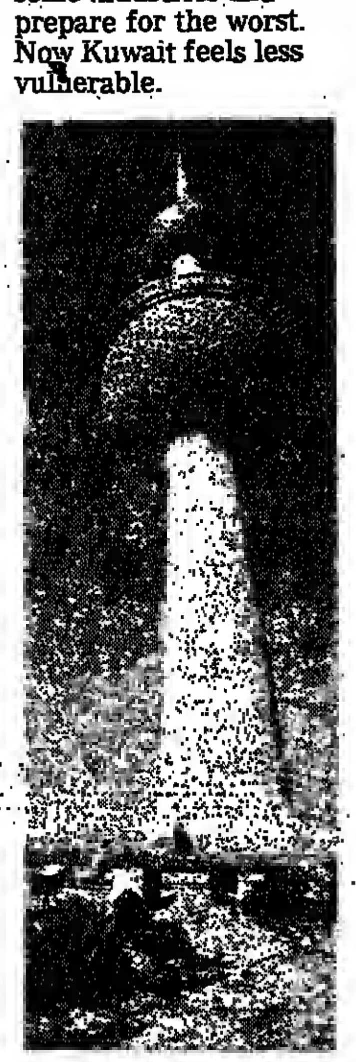
Nevertheless, the Press has been openly pro-Iraq. Despite Iranian threats, Kuwait also appears to be supplying refined oil products to Iraq—and allowing the Iraqis to buy processed food although export of food is usually prohibited by law. Kuwait is continuing its pre-war re-export agreement with Iraq, whereby the Iraqis use two berths at Shuwaikh and whatever is available at Shuaiba port.

In the first few days of the war, Kuwaitis seemed to enjoy the action, most believing Ayatollah Khomeini was getting what he deserved. Some were quickly aware that if Iraq won a rapid victory it would be calling the shots in the Gulf—something people here would not look forward to at all. The general assumption when the war began was that the U.S. was behind the Iraqis.

The mood changed when thousands of refugees from the Basra area started streaming across the border with stories of Iranian attacks. Kuwaitis were annoyed that President Saddam Hussein was asking Kuwait to produce more oil to make up for something Kuwait saw as his mistake. The country eventually agreed to a production increase, but to what extent has not been made public.

When Iran started verbally threatening the other Gulf states, Kuwait closed its fertiliser plant at Shuaiba for fear that an Iranian attack would waft poisonous ammonia fumes over populated areas. It shut down at least part of the Shuaiba refinery probably to avoid fire. Camouflaged troops and weapons were stationed

**In the Gulf war's first days, Iran's threats to other Gulf states led Kuwait to close down some industries and prepare for the worst. Now Kuwait feels less vulnerable.**



A Bedouin herdsman under the Kuwait towers.

around the water distillation plant which provides most of Kuwaiti's water, and the while of Mirage aircraft could be heard over some suburbs. Kuwaiti embassies abroad stopped issuing visas, and hotels, at first packed with refugees, rapidly emptied.

On September 28, a general mobilisation law, which had been under consideration for some time, was quickly passed. It authorised the Government, in the event of "international tension" or war, to mobilise Kuwait's water, and the whine year old, and to arrest, and sequester the property of, nationals of belligerent countries and former nationals of those countries with Kuwaiti or other citizenship.

Some food prices have risen, although supplies have been arriving regularly and the Government co-operative, which has 70 per cent of the market for processed food, has kept its prices steady. But the general anxiety led to hoarding, or at least buying in considerable bulk, and the small grocery stores and vegetable markets saw their opportunity.

The stock market died at the beginning of the war, although it had already become quite lifeless, and merchants counting on re-exports to Iraq or sales to Mecca pilgrims were at the limit of their overdrafts. Some local Bedouin came into the gold souk to sell their women's jewellery and take advantage of the first spurt of gold prices. Funds did not flow out because, the bankers said, "the big boys got their money out of here earlier this year."

The mood has rapidly calmed. One reason which many cite is the presence of U.S. surveillance aircraft in Saudi Arabia. Whatever the reasons, Kuwait has obviously received reassurance from somewhere. Both the refinery and the fertiliser plant are running at full capacity and the stock market has picked up a little. Ships and lorries are arriving as usual, and Kuwaitis are hoping to pick up some bargains from the 50 to 60 Basra-bound ships at anchor of Kuwait. Merchants expect a booming market after the war because Iraq and Iran will have to rebuild what has been destroyed. Lorries with Kuwaiti goods are already plying the roads to Iraq, although they avoid Basra. Business is still slow, but a feeling of invulnerability is setting in.

# Iraq claims final victory at Khorramshahr

BY OUR FOREIGN STAFF

IRAQ ANNOUNCED yesterday that it had finally captured the city of Khorramshahr, the Iranian port on the Shatt al-Arab which has been the scene of fierce fighting since the start of the Gulf war on September 22.

Iraqi State television interrupted its broadcasts to declare: "The Iranians were defeated in Khorramshahr after much bloodshed by our heroes."

Iran State radio claimed however, that Iranian forces had repulsed an attempt to capture the city on Thursday night. It quoted the Governor of nearby Abadan as saying that the battle for the city—parts of which are held by both sides—raged until midnight on Thursday but that there was relative calm yesterday. A subsequent statement denied that the city had fallen, saying house-to-house fighting continued.

In a communique, the Iraqi command also claimed that their armour had captured a strategic bridge on the road between Khorramshahr and Abadan. This, they said, "locked the last link in the chain of Iraqi armour besieging Abadan from all directions. Abadan is as good as fallen from the military standpoint."

Meanwhile yesterday, senior clergyman Mohammed Ali Khamene'i, addressing the main Friday prayers in Tehran, ruled out any possibility of either a ceasefire in the war or of an "arms for hostages" deal with the United States. Mr. Khamene'i, who is a member of the Supreme Defence Council and of the special committee of the parliament dealing with the fate of the U.S. hostages, said: "We are fighting with the Americans. How is it possible to ask for help?"

# All quiet on Zambia anniversary

BY MICHAEL HOLMAN IN LUSAKA

PRESIDENT Kenneth Kaunda yesterday led Zambia's 16th independence anniversary celebrations but gave no explanation of the dusk-to-dawn curfew imposed on Thursday night in most urban areas.

No incidents have been reported in the past 24 hours and the President attended the customary wreath-laying ceremony in the city centre and later presided over Zambian honours awards at State House. Apart from road blocks on the outskirts of the city, there was no sign of unusual police or army activity.

The two State-owned daily newspapers yesterday carried the curfew announcement on their front pages but did not elaborate. Instead the Zambia Daily Mail published in full a lengthy presidential circular urging civil servants to economise in the use of envelopes, stencils and other office equipment.

The presidential circular also noted that "it is now rare to enter into a toilet in our Government buildings and be able to find toilet paper and toilet soap." The circular blamed pilferage on "both low and high ranking personnel" and warned that it must end now "if our nation is to survive with all its reputed integrity and honour among other nations of the world."

There is speculation in diplomatic and other circles that the curfew is linked to a shoot-out 10 days ago on a farm 10 miles south of the city between Zambian army units and a force of several dozen men. Lusaka is rife with rumours about the group but most observers remained puzzled about its background and intentions.

The incident was not, however, related to the suspension earlier this month of the recently-promoted Zambia Air Force commander and two senior officers. The trio appeared in Lusaka magistrates' court Thursday charged with having stolen six cars.

# Restrictions on Turks

BY CHARLES BATCHELOR IN AMSTERDAM

THE BENELUX countries have decided to make visas compulsory for Turkish citizens from the beginning of November, the Dutch Foreign Ministry said yesterday. The move follows an influx of Turkish immigrants from France and West Germany, both of which imposed a similar measure earlier this month.

The visa requirement is intended to reduce the numbers who come ostensibly for a short visit, but who stay and look for work. Nearly 125,000 Turks are already legally settled in the Netherlands.

The Foreign Ministry said it was difficult enough to provide satisfactory housing, education and welfare services to foreigners entering the country normally.

President Nyerere

# Tanzania's voters fear for future of economy

By Roger Mann in Arusha

WHEN TANZANIA goes to the polls tomorrow, there is no doubt that President Julius Nyerere, 58, will be re-elected for his fifth term. As usual, he is unopposed.

But discontent in Tanzania is probably greater than at any time since independence. All basic commodities are in short supply and living standards for the 18m Tanzanians are falling. The economy has never been in a worse state.

Tanzania has made remarkable progress in education, health care and social services, but the election is likely to reflect a growing pessimism. Many Tanzanians say they plan not to vote at all. And many members of parliament and ministers are expected to lose their seats.

The people of Zanzibar will be voting for the first time since independence. Disillusion with the 16-year union with the mainland is widespread, and voters are expected to give a scare, at least, to Mr. Aboud Jumbe, their leader. He needs 50 per cent approval to remain President of Zanzibar and Vice-President of Tanzania.

But the economy, rather than pure politics, is preoccupying most Tanzanians. Production of food and cash crops is declining, and import prices are rising. The current account deficit is alarming and the foreign exchange shortage is described as a crisis.

Imported oil is the killer. This year's oil bill will equal half the value of exports. In 1973, when Tanzania consumed more oil, the bill came to only 10 per cent of export income.

But oil does not explain the declining production of such export crops as coffee, sisal, cashews, cotton and timber. Tea and tobacco, which have done better, face gluts on the world market.

Tanzania's tailspin began in the mid-1970s, when the rural majority were forced from their scattered homes into villages, then called ujamaa or socialist villages. Mr. Nyerere's village philosophy has sometimes appeared more attractive to northern European aid donors than to villagers themselves, whose new homes were often far from their fields.

Many Tanzanians have resisted collective agriculture. The term ujamaa is now reserved for villages with a high degree of collectivisation. They form only a tiny minority. Private commercial farmers are now receiving more encouragement and access to credit.

The severe current account deficit can be traced to last year's war which deposed Idi Amin in Uganda, and cost Tanzania $500m. Western countries which found the Amin regime so repugnant never paid their contributions.

A glimmer of light is visible. Tanzania remains Black Africa's largest aid recipient, per capita, and usually tops the aid lists of Scandinavia, the Netherlands, West Germany and Canada. The International Monetary Fund recently agreed to commit SDR 194.6m (£104m) to finance imports, and the World Bank and other donors are making funds available for Tanzania to restructure its economy.

Mr. Nyerere has promised he will not seek re-election again, and that he will devote himself during the coming five years to the "economic struggle." Tanzania's political stability may depend on his success.

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# UK NEWS

## Company is collapsing, claims Moran

By John Moore

MR. CHRISTOPHER MORAN, the former managing director of Christopher Moran Group, the Lloyd's insurance broker, bas told aharaboldera in a circular that the "company ls collapsing already."

He has despatched his circular to sharebolders in an effort to resist the Moran group board's attempts to remove him from his other directorships at the annual general meeting next week.

Mr. Moran, who faces charges of conspiracy to defraud members of Lloyd's Syndicate 290 and 295, says that the maln part of the profits of the business come from insurance brokiog, "which is necessarily a higbly personalised huainess: yet the other directors bave limited knowledge of this business and do not contribute to its earnings."

He says he will not resign "because I believe that without my assistance the major part of the business will disappear. Those who know the company will realise its ls collapsing already."

A counter-circular was despatched to shareholders, signed by Viscount Hall, group chairman, and three other directors, answering Mr. Moran's arguments and enclosing a copy of Mr. Moran's circular.

The underwriting agency companies within the group, which manage seven Lloyd's syndicates, "now account for a substantial proportion of the company's business.

"The business of these companies is in no way dependent upon Mr. Moran, and has so far been relatively unaffected by the investigations into his activities.

"However, we believe it will be seriously affected in the future unless he ceases to be associated with the company."

The board has said that several underwriters of the seven managed syndicates had expressed concern about the continued presence of Mr. Moran or his nominees on the board of companies wbich manage the syndicates.

Mr. Moran bas notified the board that three new directors will be proposed.—Mr. D. J. P. Bryans of Ballyboden, Dublin; Mr. S. T. Gainher, of Fleet, Hants.; and Mr. R. W. Reeves, of Monte Carlo; in place of Mr. James Redgrove and Mr. Victor Wood, who retire from the Moran board by rotation at the next annual general meeting and are up for re-election.

### Harold Brockman

A MEMORIAL service for Harold Brockman, for many years architecture correspondent of the Financial Times, will be held at St. Michael's Church, High Street, Lewes, Sussex, tomorrow at 2 p.m.

## British banks will be first to get Massey rescue package details

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

BRITISH BANKS will be the first to hear the details of a proposed rescue package for Massey-Ferguson, the Canadian-baaed agricultural equipment multinational.

They will hear a presentation of Maasey's position, and a proposal for a bail-out, at a meeting in London.

The presentation will be the first of a series for Massey's 250 bankers around the world. They oumber virtually all the laading banks of Canada, the U.S., the UK, France, Germany and others.

After London, it is proposed to hold presentations the following week in Toronto and New York.

Canadian Imperial Bank of Commerce, Massey's lead banker, is understood to be nrganising and bandling each of tbe presentations. CIBC, one of Canada's largest banks, is said by bankers in London to have loans in the region of $300m outstanding to Massey.

A London banker said yesterday that very little of this was secured. On this basis 30 per cent of CIBC's disclosed equity, according to 1979 accounts, is represented by Massey lending.

It is expected that Massey's senior management will be represented at each presentation.

British banks have £250m outstanding to Massey, two-thirds from the main clearing banks. All but £50m of this is said to be covered by Export Credit Guarantee Department guarantees.

Under the terms of the proposed rescue the Canadian Government is to guarantee up to $200m for a new issue of Massey common or preferred stock. CIBC and other banks around the world would also bave to make equity contributions.

One banker closely involved in the affair said CIBC would need to take on $300m of new risk in the rescue scheme, leaving only $150m for other banks.

## 1,200 Lancashire textile jobs go

BY RHYS DAVID, TEXTILES CORRESPONOENT

A FURTHER 1,200 jobs will be lost in the Lancashire textile industry from closures announced yesterday by Carrington Viyella and John Bright. About 16,000 people bave lost their joba in the sector in the past year, bringing the total employed down to well under 50,000.

The closures affect 620 people at Alder Spinning Mill, Leigh, Greater Manchester, and ita sister weaving plant at Lostock Hall, near Preston, producing polyester cotton plain clothing fabric. Both have been re-equipped in recent yeara, but the company said lt was impossible to match low-price competition from Japan and Hong Kong.

Price of imported fabric is as low as 45p a metre, it said, and the mioimum economic price to make the same cloth in tbe UK 70p.

"We are up against four problems: the level of aterling, high interest rates, inflation and imports. We could cope with any two of these, but not with all four," Mr. David Cunliffe, a director, said last night.

Earlier this week the company announced closure of two outerwear units with losa of 260 jobs. Further cuts in the group's capacity are thougbt likely in a few months.

Losses of £1.2m were announced ln August.

Major management changes have been made in recent months. Mr. Leonard Regan retired as cbairman, replaced by Mr. Derrick Hornby in July: but Mr. Hornby left the company himself last month, and Mr. Norman Fieldhouse, cbairman of Letraset and a Carrington non-executive director, took over.

The redundancies at John Bright affect about 550 people and involve closure of the company's Fieldhouse and Oxford industrial fabric weaving milla in Rochdale.

The group will effectively be balved in size by the closures. It will concentrate entirely on yarn spinning and production of carpet yarns.

John Griffiths writes: About 425 redundancies were announced yesterday by BBA Group, whose activities cover manufacture of friction materials, conveyor belting and asbestos textiles.

Nearly all the jobs are to go at Mintex, its Cleckheaton, Yorkshire, subsidiary best known for vehicle brake pads and linings.

BBA blamed the redundancies on continuing recession in tbe automotive industry and the adverse effect on competitiveness from strength of sterling.

Two months ago BBA reported that first half profits had fallen by over £2m, from £3.82m to £1.87m.

Its UK operations were particularly hard hit, pre-tax profits plunging from £1.54m to £181,000.

## Thames Board to make cuts at another mill

BY WILLIAM HALL

IN A FURTHER cut of its UK board-making operations, the Unilever subsidiary Thames Board will reduce the size of its Warrington mill workforce hy a fifth and put another fifth un short time.

Earlier this year Tbames Board closed Purfleet South Mill with the loss of 800 jobs. It bas decided to reduce the Warrington workforce by 220, and plans to put 180 on short time.

Tbe output of the Warrington mill goes lnto the packaging industry. Competition from cheap imports and fall in demand are blamed for its heavy losses.

Thames Board said yesterday that "the mill has not escaped the financial difficulties experienced by most of the paper and board industry ln the UK, and it is essential tbat costs are significantly reduced to stem as far as possible serlous losses which are being incurred."

With closure of Purfleet South, the Warrington mill ls Thames' biggest board mill, with an annual capacity of about 150,000 tonnes.

Thames is lnvesting £83m in a major expansion of its Workington mill, due to increase its annual output from 50,000 tonnes a year to 150,000 tonnes by next year.

## Maze jail hunger strike from Monday

By Our Belfast Correspondent

IRA PRISONERS in the Maze jail, Northern Ireland, will proceed with their threatened hunger strike from Monday. They rejected a Goverment concession that prison authorities will issue their own version of civilian clothing to all male prisoners to replace existing prison uniform.

The concession was agreed at a Cabinet meeting on Thursday. But the IRA men, in a statement hrought out of the prison, said it went nowhere near meeting their demands for granting political status.

The concession provoked a political row. Unionist politicians accused Mr. Humphrey Atkins, Northern Ireland Secretary, of surrendering to the IRA.

The Northern Ireland Office denied a claim by Mr. Ian Paisley, Democratic Unionist Party leader, that the move was part of a wider, secret deal with the IRA whicb would include other cbanges in prison conditions.

### Butcher Boy jobs

BUTCHER BOY, the U.S. meat-machinery company, is to establish a European headquarters in Garnock Valley, Ayrshire, creating about 150 jobs in this unemployment blackspot.

### Building control

GOVERNMENT controls over building schemes submitted by local police authorities will be relaxed, to reduce administrative burdens on the Civil Service. Lord Belstead, Home Office Under-Secretary, told the Lords yesterday that schemes costing up to £120,000 would not be subject to close scrutiny after April. Modified controls would operate over schemes costing up to £1m.

## NEB makes £5.8m loss

BY JOHN ELLIOTT, INOUSTRIAL EDITOR

THE National Enterprise Board made a loss of £5.8m after tax in the first half of this year on all its operations excluding BL and Rolls-Royce.

This compares with a £3.3m profit in the corresponding period last year. It reflects the change in the board's functions under the present Government.

The board sold its holdings in ICL, Fairey Holdings and Ferranti earlier this year. Th profits it would have gained from these companies are not included in the figures.

After tax and extraordinary items the losses by BL (£181.5m) and Rolls-Royce (£17m) are excluded from the board's main accounts.

Responsibility for Rolls-Royce has heen transferred to the Department of Industry. Sir Arthur Knight, the board's chairman, hopes similar arrangements will he made for BL soon.

Excluding these two companies the board has a negative rate of return on capital employed of 8 per cent. This compared with a positive return of 8 per cent last year and a target laid down hy the last Government, approaching 20 per cent hy 1981.

This targate rate of return is being renegotiated to reflect the board's basic function, helping companies that could not operate without its support.

The board's results are further complicated by a rearrangement of financics agreed with the Government. This enables the hoard to include a £10.8m discount on Government loans in its profit-and-loss account.

This discount, included among extraordinary items, turns the £5.8m loss after tax into a bottom-line profit of £3.3m after other extraordinary charges are taken into account.

**CONSOLIDATEO PROFIT AND LOSS ACCOUNT**
for the six months to 30 June 1980 (unaudited)
NEB and its subsidiaries, excluding BL and Rolls-Royce

| | 1980 £m | 1979 £m |
|---|---|---|
| Turnover | 94.7 | 94.1 |
| Operating loss before interest (after charging depreciation £3m; 1979 £2.4m) | (11.1) | (1.3) |
| Share of profits of associated companies | 4.0 | 8.7 |
| | (7.1) | 7.4 |
| Interest payable less (receivable) | (3.1) | 1.0 |
| (Loss)/profit before taxation | (4.0) | 6.4 |
| Taxation | 1.6 | 3.5 |
| (Loss)/profit after taxation | (5.6) | 2.9 |
| Minority interests | (0.2) | 0.4 |
| (Loss)/profit before extraordinary items | (5.8) | 3.3 |
| Extraordinary items (see note) | 9.1 | (0.5) |
| Profit after extraordinary items | 3.3 | 2.8 |
| Return on capital employed | (8.0%) | 8.6% |

NOTE:
Extraordinary items comprise:

| | 1980 £m | 1979 £m |
|---|---|---|
| Discount on early repayment of loans to Her Majesty's Government | 10.8 | — |
| Profits on translation of overseas assets and liabilities | — | (0.7) |
| Provisions for estimated loses arising from closure or disposals | (1.3) | 0.2 |
| Stamp duty and formation expenses | (0.2) | — |
| Adjustment to consolidated reserves in respect of Fairey Holdings following sale | (0.2) | — |
| | 9.1 | (0.5) |

Brown Boveri Kent sale, Page 20

## Foot demonstrates his campaign style

BY ELINOR GOODMAN, LOBBY STAFF

LEADING Labour party leadership challenger, Mr. Michael Foot, yesterday indicated the kind of approach he will have to adopt if he is to pick up the votes he will need in the centre of the Parliamentary Party to beat Mr. Denis Healey.

In a speech in his Ebbw Vale constituency Mr. Foot acknowledged the fears of Labour MPs about the threat to their own rights which a wider franchise for electing the Labour leader, would pose.

Mr. Foot endorsed last month's party conference decision to restore Parliamentary sovereignty to Westminster. But stopped short of endorsing the conference's call for immediate withdrawal from the EEC even though, in practice, repealing the European Community Act would almost certainly be a preliminary to withdrawal.

## Andrew Taylor examines the council housing ban

# Bitter freeze for builders

THE GOVERNMENT'S decision to place a temporary ban on new housing expenditure by English local authorities could hardly have come at a worse time for a construction industry already suffering from public apending cuts and the depressed financial climate which bas hit private sector demand.

Although the freeze is initially to run for just one week—to allow councils to prepare up-to-date assessments of their spending in 1980-81—they are strong fears that this will lead to a full moratorium on local authority housing expenditure.

Mr. John Stanley, Housing Minister, has said the Government will take any steps necessary to prevent English authorities overspending on the £2.2bn allocated for housing in the current financial year. Recent estimates suggest that the authorities could overspend by as much as £180m.

It is not just the prospect of a longer standstill on spending that has upset builders, but alao the suddenness of the decision. It came just one months after Mr. Michael Heseltine, Environment Secretary, had ruled out any moratorium on local authority capital expenditure.

Swift changes of direction like this, says the industry, make forward planning meaningless and cause greater hardship when labour forces have to be laid off suddenly: work which has been budgeted for disappears virtually overnight.

Housing expenditure by local authorities has beeu earmarked as the principal target in the present round of cuts. According to the Government's medium-term strategy, reductions in housing spending will account for about three quarters of all public sector savings to he achieved by 1983-84.

In the current financial year this means that the 365 English authorities have heen allocated £2.2bn for their housing investment programmes, compared with the £2.9bn they spent the previous year—a reduction of 24 per cent.

In fact the cut is likely to be deeper than the Government figures indicate. This is because of the stringent cash limits applied to council spending programmes, based as they were on optimistic assumptions that inflation levels would fall further this year than bas been the case.

The impact of housing cuts on all local authorities, including those in Scotland and Wales, means that work is unlikely to start on many more than 50,000 public sector homes in 1980.

This compares with 80,000 starts last year and more than 170,000 in 1975 and 1976. The reductioos reflect spending cuts hy the previous Government as well as the present one.

The repeated attacks on capital expenditure by successive Governments, and their apparent failure to control local authority current spending, bave incensed the construction industry, particularly civil engineers which rely on the public sector for most of their work.

The freeze announced this week is seen as a further attempt to "use the construction industry aa an economic regulator."

In support of this argument builders point to a key phrase in last March's expenditure White Paper, which outlined the Government's medium-term strategy. This said: "Current expenditure in 1980-81 is planned to increase by £0.2bn. Capital expenditure is planned to fall by £1.9bn but £1.4bn of this is accounted for by capital transfers. The remainder is accounted for hy a fall in construction expenditure programmes."

Again, reductions in total public sector capital expenditure are likely to be deeper than indicated in the White Paper. The Federation of Civil Engineering Contractors says there is increasing evidence of local authorities having to postpone work on new sewerage systems and the like because of the application of stringent cash limits and a general reluctance by local authorities to cut current spending.

At the same time the Government bas applied a three-montb moratorium on defence spending—which is likely to be extended—while a similar squeeze to that now being applied to English local authorities has been introduced to prevent overspending by housing associations.

Private sector work is also beingiha t,ocs shrdlshrdlu cmf being hit, as companies postpone or curtail investment plans in the face of continuing high interest rates and building costs. According to the National Federation of Building Trades Employers, unemployment in the Industry is in excess of 224,000—50 per cent more than at the same stage a year ago.

Beacuse of the long lead times between the start and the completion of construction projects, the foll extent of the latest public and private sector cuts may not be revealed in some building aod civil engineering company workloads until next year. The impact, bowever, is clearly already beiog felt by building material producers.

Blue Circle Industries this week announced plans to close two of its cement plants and cut production at a third, sbedding 1,500 jobs in the process. Cement industry sales fell by 2.8 per cent in the first nine months of this year hut by 17.7 per cent during the third quarter compared with the same period a year ago.

Other building material producers have also reported that sales bave fallen sharply since the spring. Brick deliveries in the third quarter of this year were 30 per cent lower than in the corresponding months a year ago.

Brick manufacturers have also been affected by record mortgage rates and the general recession wbicb have hit sales of new private sector homes.

Mr. Tony Monk, director general of the Brick Development Association, said yesterday: "Unless the brakes can be taken off and building programmes got into gear again, the bricks will simply not be there when in a few years' time they are certain to be needed desperately."

# Government to raise £150m in oil drilling concessions move

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT is about to allocate special drilling concessions in the North Sea in a move that will raise more than £150m for the Exchequer.

The Energy Department has apparently decided to press ahead with the issue of self-nominated licences, though it is not yet in a position to allocate the remainder of the seventh round blocks.

As a feature of the seventh round companies were allowed to choose some of the blocks [illegible] they wanted to see licensed. In return the companies will be asked to pay £5m premium for each block offered.

It is expected that late next month or early in December the Government will allocate between 30 and 40 of these special blocks. This is more than intended, but Ministers are anxious to offer as many blocks as possible under the seventh round. The additional premium payments will be welcomed by the Treasury.

Dr. David Owen, the Opposition Energy spokesman, claimed last night that the Government was about to delay development of the Clyde oilfield for five years to obtain maximum benefit from British National Oil Corporation's surplus cash flow.

He told Salisbury Constituency Labour Party that next week the Government could secretly decide on the delaying tactic, which would be a decision of "breathtaking short-sightedness."

The Government, he said, was considering blocking developing of Clyde, in which BNOC has a 51 per cent stake, because of the possible impact on the Public Sector Borrowing Requirement.

BNOC could invest over £300m in the next six years as part of its share of costs, he said. The rest of the money would be put up by BNOC's partners, Shell and Esso.

The Energy Department denied last night that a decision on Clyde's development would be taken next week.

Within the industry it is known that the department is considering delaying exploitation of the medium-sized field for two years as part of a depletion policy. Dr. Owen said he approved of this move.

## Delay worries

The Treasury has also been looking at the PSBR implications of a five-year delay, though BNOC, Shell and Esso have indicated they would be against such a move.

The companies are worried about the impact of a delay on their large offshore development teams, which, without Clyde, could be left with insufficient work. Dr. Owen said that 10,000 jobs could be affected by a decision to hold up work for five years.

"The Government's obsession about the PSBR is now threatening the nation's oil supplies between 1990 and 1995," he said. And yet BNOC was self-financing and could easily finance its development contribution as well as make a substantial PSBR contribution.

Harrier jet project is a possible victim, writes **Michael Donne**

# Defence plans vulnerable to cuts

THE MINISTRY of Defence has little room to manoeuvre if it is required to cut its budget substantially in the next few years, in spite of the fact that total spending in 1980-81 is running at close to £10.8bn.

This is because most of the cash is committed well in advance, on such items as pay and contracts for equipment. It is estimated that in any one year, the margin of uncommitted funds amounts to little more than 10 per cent of the total budget.

Analysis of the current year's budget, for example, shows that pay for the armed forces, civilian employees, and the retired will account for more than £4.5bn. Spending on equipment, mostly under contract, will amount to £4.34bn, with the remainder of £1.92bn going on works, buildings, land and miscellaneous stores and services.

To cut the defence budget by amounts up to £500m a year—the figure now generally believed to be the target at which the Treasury is aiming—would be to cut in half (from 3 per cent to 1½ per cent) the overall increase in defence spending in real terms that the UK has committed to NATO.

There are four main ways in which the Ministry could save money, if the Treasury wins its case for the cuts up to 1983-84. These are:

Delaying the introduction of new programmes that are likely to be expensive, such as the development of a Jaguar replacement, a new Mark 5 *Harrier vertical take-off fighter*, the Challenger main battle tank, or even the Trident missile programme to replace Polaris.

Stretching out existing programmes, for instance spreading the delivery of Tornado combat aircraft over a longer period of time — although this would require close consultation with partner countries such as West Germany and Italy, and with NATO itself, since the UK is responsible for the air defence of NATO's western approaches.

Continuing and possibly even extending the regime of severe economy in all areas including fuel consumption, which is designed to save up to £100m a year.

Extending the moratorium on contracts, which was expected to end in November but which seems certain to continue until March 31. This is already biting deeply into the many hundreds of small companies which depend upon small defence contracts.

While it is not impossible to cancel existing contracts in order to achieve economies—it has been done before—the Ministry is likely to fight strongly against such a move.

It can argue that the current programmes represent the minimum requirements for the armed forces to do their job.

Thus the biggest area of saving would be to delay new developments. Under consideration are the Mark 5 Harrier, the Jaguar replacement, the new main battle tank and various new guided weapons such as the advanced short-range air-to-air missile.

*Whether much money could* really be saved by extending the economy drive without seriously impairing effectiveness of the armed forces remains to be seen. The economies are understood already to have cut the amount of sea-time for some active warships and reduced air-time for military aircraft, although *the Ministry* is reluctant to give details.

It is also debatable how far the moratorium on small defence contracts can be continued without at some stage impinging on efficiency. Many *of these contracts* are *part* of bigger development programmes.

The possibility of cuts in numbers of personnel, both civil and military, must also be faced.

Much will depend upon how far Mr. *Francis* Pym, the Defence Minister, can defend the existing budget against his Cabinet colleagues.

The fact that his Chiefs of Staff are expressing serious concern about the possibility of cuts, and are even arguing among themselves as to where the cuts should fall hardest if they have to come, indicates that the Minister has a tough task inside as well as outside his Department.

# Cunard officers refuse to support seamen's fight

BY WILLIAM HALL

THERE ARE signs that support for the National Union of Seamen's opposition to the transfer of Cunard's two Caribbean cruise ships—the Countess and the Princess—to the Bahamian flag is starting to disintegrate.

The Princess is due to sail from San Juan, Peurto Rico, today under its new Bahamian colours.

According to a telex from the Countess officers to Lord Matthews, the chairman of Cunard, the officers of the Countess and Princess intend to disregard the advice of their union, the Merchant Navy and Airline Officers' Association (MNAOA), and sail the Princess under the Bahamian flag.

The telex—released by the London offices of Cunard Line—says that the officers feel that their jobs are at stake and that they require the MNAOA to be more realistic in their approach to the situation.

In another telex, the officers of the QE2 said that they "unanimously" rejected the MNOAO advice and "strongly deplored" the action of the NUS. They felt that Cunard had been more than fair in their offer to NUS members involved.

The seamen's hopes of support for their stand against the flagging out of the two *Caribbean* cruise ships received a further setback following another telex from the QE2 "ship's liaison committee."

It says that "with the information at present available to us" the members of this ship do not wish to partake in any further industrial action.

The QE2 telex continues: "We would advise you that in our opinion action taken so far has been detrimental to the well-being of both ourselves and the members of the Countess crew at present being held in an intolerable situation in Barbados.

"We wish no further action to be taken on our behalf before this liaison committee has consulted with both management and union."

Last night, Lord Matthews was trying to arrange a meeting for today with Mr. Jim Slater, the leader of the NUS.

# Carrington seeks arms control progress

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE GOVERNMENT hopes that the SALT II treaty of strategic arms *limitation will* be ratified soon and that the West and the Soviet Union can then move on to SALT III talks, Lord Carrington, the Foreign Secretary, said yesterday.

"I want to see the SALT process revived," he told the United Nations Association in London.

achieved."

Lord Carrington emphasised that Britain had to maintain its forces and weapons at a *level high enough* to *deter an* aggressor. Arms control alone could not solve Britain's defence problems.

It would be wrong, he said, to think that arms control negotiations could play the the central role in dragging East-West relations out of their rut.

The Russian invasion of Afghanistan should not, however, avert attempts to abandon arms control.

The Foreign Secretary criticised the unilateralist position of the Labour Party and other organisations. The Government had to stick firmly to its commitment to base U.S. Cruise and Pershing missiles in Britain.

Lord Carrington saw no scope for attempting sweeping measures of global disarmament but wanted to see greater emphasis placed on regional arms control.

● The Federation of Conservative Students has *written to the Prime* Minister, in her capacity as honorary president of the United Nations Association, asking her to prevent public funds being used by the Association's youth wing for a campaign in favour of unilateral disarmament. The Federation claims that the organisation "youth for peace" is run from UNA headquarters in Whitehall.

# Atom workers given 'final offer' of 9%

BY NICK GARNETT, LABOUR STAFF

MANUAL and craft workers at the Atomic Energy Authority have been given a "final" offer worth 9 per cent on the pay bill in the first formal public sector wage negotiations in the new wage round.

The offer, which the employers say they are not prepared to improve, has been sent to shop stewards' committees without a recommendation from union negotiators.

The proposals, broadly in line with what are expected to be made *to some other* public sector groups, affect 4,600 workers.

The offer compares with last year's settlement estimated to be worth 14 to 27 per cent. An acceptance of this year's offer, which the employers have improved from original proposals worth about 8 per cent, would be seen by the Government as an important test of what some public sector area workers would be prepared to settle on.

The offer to manual and craft workers on the authority's seven sites involves a rise of 8.7 per cent on basic rates, small increases on shift and other payments, and an improvement in qualifying periods for holiday entitlement. The authority says the latter improvements lift the total cost of the package to 9 per cent.

Present rates for manual workers are from £69.50 to a top rate of £82. The rate for craftsmen is £91.

# Stock Exchange costs problem

BY JOHN MOORE

THE STOCK EXCHANGE faces costs of over £1.5m in the restrictive practices court action brought by the Office of Fair Trading.

"The case is potentially one of the biggest, if not the biggest, in English legal history. It is likely to prove barely manageable in the context of civil legal procedures," the Exchange said yesterday.

"On this hangs the future of the well-regulated market known as the Stock Exchange," it added.

The Exchange has been granted an extension of time in entering its opening statement of case in the restrictive practices court action.

"Assembling the case for court is a matter of formidable *complexity*," it said. The Stock Exchange statement now has to be delivered by February 9.

The court has been informed that all the relevant restrictions, which number about 200, have been provisionally identified and analysed.

The three counsel retained by the Stock Exchange have spent "approximately 250 man-days on this work," and "the solicitors had spent even more time on it."

The Stock Exchange said that when this submission is received, the Office of Fair Trading is required to reply to the Stock Exchange, after which the "pleadings" are prepared.

"It is quite possible that judgment will not be reached before the autumn of 1984," it said.

"Appeals or further adjudication could mean that finality with the court on any revised agreement will not be achieved until well into 1985 and beyond.

"The 200 restrictions so far identified divide into 22 major topics, many of which will be contentious."

# Restrictive practice laws 'increasingly effective'

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

LEGISLATION AIMED at improving industrial competition in the UK was becoming increasingly successful, Mr. Gordon Borrie, Director General of Fair Trading, said in a speech at Strathclyde University last night.

Mr. Borrie said that restrictive trade practice laws, "backed by patient but persistent discussions," were proving "increasingly effective in removing *price-fixing* and other restrictive conditions in agreements and recommendations made by a wide variety of organisations."

Mr. Borrie said companies which made *secret* price-fixing and contract-sharing deals could face criminal penalties. Company directors could face fines or imprisonment if they broke undertakings given to the Restrictive Practices Court.

Mr. Borrie said that since 1976, when the restrictive practice laws were extended to service agreements, 450 agreements were registered.

"To date, 55 of these have been ended, 30 have had all their restrictions removed, and on 69 I have made representations to the Secretary of State that no action should be taken on insignificant restrictions," he said.

Only four agreements were referred to the courts to determine *whether* or not *they* operated against the public interest. These covered the Stock Exchange, the Association of British Travel Agents, the Society of West End Theatres and the Aerodrome Owners' Association.

Mr. Borrie said the Scottish clearing banks, who were parties to more than 20 restrictive agreements, had given up nearly half of these.

"I must stress that the removal of restrictive agreements can only ensure there is *freedom* to compete — *it* cannot compel businessmen to compete and there is often a need for action by consumers or users to get competition going."

# Plaid Cymru plans action on lost jobs

By Robin Reeves, Welsh Correspondent

THE Welsh Nationalist Party, Plaid Cymru, plans to deploy in the unemployment controversy the direct-action tactics which last month brought success to its Welsh television channel campaign.

The party's annual conference, at Porthcawl, unanimously *agreed* to extend its *policy* of sit-ins and occupations to draw attention to the "horrendous scale of unemployment in Wales."

Mr. John Dixon, the party's *treasurer-elect*, said Welsh Nationalists had not only a right but a duty to take direct action to defend Welsh communities, families and jobs. This week Welsh unemployment reached 129,114, or 11.9 per cent, the worst level for 40 years.

# ASTMS urges change in vehicle imports policy

BY PHILIP BASSETT, LABOUR STAFF

THE ASSOCIATION of Scientific, Technical and Managerial Staffs has warned that there is little hope for the future of the UK vehicle manufacturing industry without "more *realistic*" policies on imports and investment.

The union, in a document on the industry published yesterday, called for a "total reversal" of present economic policies on imports, employment and investment. "Without such *radical changes* we *will* be forced to watch the depressing spectacle of vehicles and indeed the whole manufacturing industry declining at an even faster rate."

*At issue was* the extent to which the industry would decline before the need to alter policies was recognised by the Government, it said. Mr. Clive Jenkins, ASTMS general secretray, said there were some signs of hope, such as BL's Mini Metro. But there were serious threats from Japanese and particularly EEC imports. The well-being of the economy was dependent on a healthy motor *manufacturing industry*.

The report offers separate analyses of the major vehicle manufacturing companies in the UK, and is particularly gloomy about the future of Talbot.

After studying the company's individual plants, the union says: "It is widely anticipated that major redundancies and possibly plant closures will be announced within the next few months, unless the situation improves dramatically."

The report examines import penetration, and while acknowledging the threat from Japanese motor manufacturers, points to a 261 per cent growth in four years of Common Market imports. It sees this as a further reason for a change in Britain's relationship with the EEC.

The imports position is unlikely to improve under the present economic policies the union says. "High interest rates and a *strong* pound can only benefit importers at the expense of both exports and domestic *vehicle* builders.

"High unemployment and low wages (thus low demand) *damage domestic sales*. The UK vehicle industry has faced increasingly severe problems from large-scale imports. These problems are now very much worsened by the monetarist policies of this Conservative Government."

# Lawson plea on pay demands

BY DAVID MARSH

BRITISH workers would pave the way for lower unemployment if they accepted smaller wage increases, Mr. Nigel Lawson, Financial Secretary to the Treasury, said yesterday. He was emphasising the now familiar Government theme that excessive pay increases were "pricing people out of jobs." It was not part of official policy "to throw men and women out of work," he said.

Mr. Lawson told the Leicester and district branch of the Federation of Master Builders that workers' attempts to secure higher living standards than had actually been earned were one reason why British unemployment was higher than in many other countries.

Other reasons for the high jobless rate, he suggested, were the general world recession—which he saw ending "some time next year"—and competition from industrialising countries and new technologies abroad.

In this latest Government plea for lower wage settlements this winter, he stressed that it was within employees' "own power" to correct the unemployment trend by restraining pay demands.

Mr. Lawson said much of the blame for the present level of unemployment rested with past government policies, union obstacles and union weakness. Over many years these had "*impeded* and postponed adjustment."

He said the British economy was now making the necessary adjustments. "This bodes well for the future. But the pain is the more acute and the cost in jobs the greater as a result of the delay we have imposed upon ourselves."

# Bass's Barbican lager to be marketed nationally

BY JAMES McDONALD

BARBICAN, the alcohol-free lager brewed by Bass, is to be marketed throughout the UK from Monday. Until now distribution has been *confined* to the Midlands, London and the South East and the North West.

The drink is to be marketed by Canada Dry Rawlings, the trading organisation formed by the merger last month of the soft drinks interests of Bass and Whitbread into a new company, Britannia Soft Drinks (65 per cent Bass and 35 per cent Whitbread owned).

Bass has been promoting the drink through television advertising and there will be a *£600,000* national TV campaign before Christmas.

Canada Dry Rawlings said yesterday it had decided *to* "go national" with Barbican months ahead of schedule because of its success in test areas. About 100 barrels a day are being produced at the Hope Brewery in Sheffield. A larger plant at Runcorn will start production at the beginning of next year.

*Another factor* must have been the expansion in guaranteed outlets brought about by the Bass-Whitbread soft drinks merger—Bass has 9,800 managed and tied public houses and Whitbread 7,000 houses. Supermarkets and the grocery trade will be a major target.

Bass stresses the drink is a true lager, minus the alcohol. Dr. Tony Portno, director of research of Bass Brewing, said it is first brewed as a normal alcoholic lager and the duty is paid to Customs and Excise.

Customs *officers* check the process by which the alcohol is distilled out of the brew.

# Changes sought in currency translation rules

By Michael Lafferty

A NEW method of accounting for the foreign operations of British companies has been proposed by the accountancy profession's Accounting Standards Committee.

Its draft accounting standard, published yesterday, deals with foreign currency translation. The document recommends that the accounts of foreign subsidiaries should be translated into sterling at rates of exchange ruling at the year end.

Effectively, this means that translation differences relating to net assets would not affect profits, but would go direct to the balance sheet. Only those differences relating to trading transactions should be reported as part of the operating profit or *loss* for the year.

The plan, known as the net investment method, has already *been proposed* in a draft U.S. accounting standard. A similar proposal is expected in Canada.

# Home-grown food intake rises

BY RICHARD MOONEY

HOME-GROWN food accounted for 49 per cent of the average consumers' energy intake last year, compared with 47 per cent in 1978 and 44 per cent in 1976, said figures by the Ministry of Agriculture yesterday.

This mainly reflected the increased contribution of British crop products, 39 per cent home-produced against 32 per cent in 1976. Domestic producers' share of animal product sales *remained* about steady at 63 per cent.

In its Food Facts bulletin, the Ministry noted a steady move toward a richer diet for the avearge Briton, with meat and fats taking a greater share.

Beef consumption rose to 22.5 kilos a head annually in 1979 from 21.1 kilos in 1976, while pork was up from 10.2 kilos to 12.7, and poultry from 12.1 to 13.3.

Dairy product consumption was down to 25 kilos from 25.5 despite a rise from 1.7 kilos to 2.6 kilos from yoghurt. Fish slipped to 6.8 kilos a head from 8.4 kilos.

One strong growth area was alcoholic drinks. These provided an average of 176 calories, equivalent to about one pint of bitter a day in 1979, against 166 calories in 1976.

Potatoes in 1979 accounted for 79.2 kilos a head, well up from the drought-depressed 57.5 kilos of 1976.

But fewer grain products, the other major staple food, were eaten. The Ministry figures show use of wheat flour, which includes bread, at 63.1 kilos a head in 1979, against 66.2 kilos in 1976.

# TUC in benefits protest

BY OUR LABOUR STAFF

THE TUC is seeking an urgent meeting with Mr. Patrick Jenkin, Social Services Secretary, about benefit levels.

The TUC's request came yesterday in a letter from Mr. Len Murray, TUC general secretary, expressing concern that the Government is considering new cuts as part of its public spending plans and staff cuts in the unemployment benefit service.

Mr. Murray says in his letter that estimates of unemployment levels over the next year or so suggest even more severe demands in the benefit service.

"The *general council is* very concerned indeed about the continuing hostile attitude of the Government towards the level and nature of social security provision," he says.

● Trade unionists had a "major responsibility to defend the National Health Service against the Government's economic *policies*, Mr. Terry Parry, chairman of the TUC's social insurance committee told the Wales TUC conference on the NHS in Cardiff yesterday.

# BL chairman thinks again about MG sports car production

BY JOHN GRIFFITHS

**John Griffiths takes an optimistic look at future prospects for one of the most popular British marques, which retains immense goodwill and still has sales potential, particularly in the U.S.**

A REVIEW of BL's role as a volume maker of sports cars, following the ending of MG production at Abingdon this week, is included in the corporate plan which Sir Michael Edwardes, BL's chairman, is to present to the Government within the next few days.

Sports cars—now confined to the production of Triumph TR 7s and 8s at Solihull—hardly top the list of priorities. BL is overridingly concerned with funding for the LC 10 hatchback and AM 2 saloon models scheduled for 1982-83, for the new Jaguar XJ 40 and commercial vehicle projects.

But the winding up of the MG operation left BL with a dilemma.

Should it allow the MG name to lapse until the time when, and if, BL regains the profitability needed to launch an all-new MG and risk forgoing the immense goodwill and potential sales attached to the marque?

When the 10,000 MGs stockpiled in the U.S. are eventually sold—probably not until late spring next year—BL's shrinking U.S. dealer network, down from about 600 a few years ago to under 400, would have one fewer model to sell. And this when the network has been complaining bitterly that there are not enough products to sell—despite the arrival of the Rover models.

But a return to the blatant badge engineering of BL's past by sticking the octagonal MG badge on to a TR7 model—in the same manner as Austin 1100s were dressed up as Wolseleys and Rileys a decade ago—would have a major drawback. Marque loyalty among sports car buyers is such that an MG "TR" would probably receive a hostile reception in many quarters.

The alternative would be for BL to pull out of sports car manufacture, given the dire tales of unprofitability that BL itself was putting out at the time of the abortive attempt to take over MG by the Aston Martin-led consortium.

There has been speculation that BL would take this route, given the poor reputation of earlier Triumph models and its troubled production record. Solihull is the third manufacturing site in as many years.

However, a combination of factors makes withdrawal the *less likely course*.

First, adequate capacity exists at Solihull for an MG using rationalised components—vital for the economies of scale towards which all manufacturers are working — to be produced. The big Rovers have not sold as well as they might as the world turns increasingly to smaller cars, and Dolomite and Spitfire sports car production has ended recently. TR7 and 8 production is not by any means over-taxing capacity.

Second, the TR7 must soon undergo an engine change. Like the MGB, it is using a "unique" engine—a slant four—now that the Dolomite range has gone. The 'O' series 2-litre unit—produced in high volume and fitted to the Ital, Princess and Sherpa van ranges—is *the obvious* choice and higher powered versions have already been developed.

Third, the Rover V8 engine and gearbox is fitted to the TR8. This is sold only in the U.S. but BL has been planning to launch it in the UK and Europe next year.

Thus, at a time when a number of other marques share components such as engines—Volvo, Peugeot and Renault use a common 2-litre unit—most of the ingredients for the continuation of the MG name exist.

At least in the short term, some low-cost body reworking *of* the TR7—the bodywork changes which transformed the Marina into the Ital cost not much more than £5m for example—might just allow BL to get away with relaunching a Solihull produced MG next spring. *There is the possibility* that the TR8 itself might make its UK and European debut in the spring under an MG badge.

Another factor is that although 80 per cent of MG sales were in the U.S., TR sales are more broadly based. It has been well received on the Continent, and 40 per cent of sales are now in the UK and Europe, thus reducing the profitability problems caused by the high value of sterling against the dollar which was the main factor in killing off MG.

The cars were produced at an antiquated, labour intensive plant, using low volume, expensive components, each of the last MGs shipped to the U.S. was built at a loss, of £1,000, according to BL.

As about 400 of MG's employees left the Abingdon plant yesterday—the other 300 jobs will be phased *out* up to Christmas—BL was keeping silent on its plans for the future of sports cars.

But there are grounds for optimism that the MG "B" rolled out of Abingdon on Wednesday destined for *BL's* Heritage Collection at London's Syon Park, was not really the last of the line.

# Post Office dispute ends

A POSTAL *workers' industrial* dispute which delayed 6½m letters in London has been settled, *the Post Office* said yesterday. The settlement came late on Thursday night after "intense discussions" between Mr. William Cockburn, director of London postal region, and representatives of 1,000 *members of the Union of* Communication Workers, the Post Office said.

The unofficial work-to-rule began after the men, who load mail on to trains at London mainline stations, held an emergency meeting on Wednesday night to protest at Post Office plans to cut 50 hours from each man's *overtime* in the Christmas peak period.

The Post Office said: "It was agreed the union should instruct its members to work normally and clear the backlog of mail. I believe work resumed normally this morning at a number of stations."

Further discussions between union officials and the Post Office were to be held over the cause of the dispute. A more detailed statement would be issued.

INTEREST RATES today are undeniably high, unprecedentedly competitive and apparently attractive. Double figure yields are now accepted as the norm. Special terms are quoted widely by banks, building societies and local authorities. The investor is plied with an extra ½% for this and another ¼% for that. Everybody wants your money and is prepared to pay generously for borrowing it. Or so it seems.

**But what is the reality?**

Persistent inflation is turning alluring yields into effective losses. What used to be a safe financial haven has now become a dangerously rocky coastline.

Of course, everyone needs a cash reserve for short-term needs, for which a building society account or bank deposit are ideal.

But if you hold substantial sums in such accounts on a longer-term basis the effects of inflation are frightening. For example, over the past ten years an apparently 'safe' building society deposit account has almost halved in real value, even allowing for the reinvestment of income.

* The percentages may look high, but your building society has been forced to pay you a substantially lower interest than the rate of inflation every year for the last ten years.
* Your money may seem safe, but there's no safety in money that's losing value all the time.

Take a look at what your savings will buy nowadays and remember–ten years ago, for £10,000 you could have bought an average 3-bedroom house, plus a Rover 3500, a Mini and a 4-berth sailing cruiser.

Today, the house alone would cost you over £30,000.*

But if you had put that £10,000 into a building society, it would have grown to a bit less than £19,000–not even enough to buy you the Rover and the boat, let alone the house.

**Between 1.1.1970 and 1.5.1980 the average price of all new houses at mortgage-approval stage increased by 430%. Source: Building Societies Association.*

**Will you do better in future?**

No, it might even get worse, because it is widely predicted by financial forecasters that building societies and banks will bring down the rates they pay their investors over the next few months, while inflation continues to gnaw away at their capital.

**So what can you do about it?**

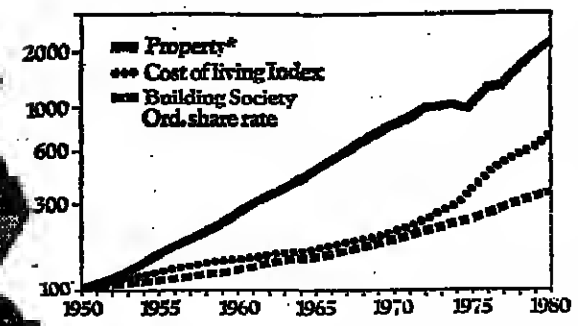
Your own experience tells you that buying a home was probably the best investment you ever made. Year after year your house has kept its real value. Not only has it held its own against inflation but many retired couples find that they can sell and move to a smaller house, taking with them a really substantial cash profit. There are very few investments that can claim to be so stable and profitable.

The lesson for every serious investor is that he needs solid tangible assets to show for his money.

And the most tangible assets of them all are bricks and mortar. But bricks and mortar are not restricted to houses. Indeed, the most attractive type of property as an investment has proved to be shops, offices and other forms of commercial property.

19% p.a.

Although the erosive effects of inflation on deposit accounts have been particularly acute during the past 5 years, this graph illustrates that over the long term commercial and industrial property has consistently shown a remarkable resistance to the destructive pressure of inflation, just like domestic property.



**Commercial property index based on information supplied by the Economic Intelligence Unit adjusted for net rental income. From 1975 the offer price of a unit in the Vanbrugh Property Fund has been used.*

**How can Vanbrugh help?**

Of course, investment in commercial property involves large sums of money and highly-specialist, full-time management. This is where Vanbrugh can help.

Vanbrugh offers the private individual the only practical way to invest in commercial property–a property fund managed by a major institution.

An investment in the Fund appreciates directly in line with the capital appreciation of all the properties in the Fund plus the net rental income paid by the tenants.

**The security of the Prudential.** Vanbrugh is the arm of the Prudential that specialises in tax efficient investment management for substantial private investors. Vanbrugh is backed by the security and the full resources of the Prudential's property investment and management which are vast.

The Prudential is the largest investment institution in the UK, managing total funds in excess of £6,500m for literally millions of people. One of the keystones to the Prudential's success has been their long history of successful property investment dating back to the 1860's. The Prudential's total property portfolio, at over £2,000m, is second only to the Government's! There is hardly a town or city in the country in which the Prudential does not have a property interest.

**Performance.** Since the Fund's inception on 11th January 1974 to 30th September 1980 investors have seen their investment grow by 94.1% after deduction of all charges and taxes for the basic rate tax payer.

**Taking an income from your investment.** Whereas the income from a building society fluctuates, as interest rates vary, the Vanbrugh Property Fund includes an attractive income withdrawal facility so that you can enjoy a level or increasing income from your investment payable yearly, half-yearly, quarterly or monthly.

**Investment flexibility.** Unlike building society 'term shares', you are not committed to a fixed term investment and you can withdraw your capital at any time. However, because property values can fluctuate in the short term you should consider the Vanbrugh Property Fund as a medium to long-term investment–say five years or more.

We at Vanbrugh have no hesitation in recommending our Property Fund as a worthwhile investment for the future. But we have other funds available to cover the full range of investment opportunities. The important thing is to act now.

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# THE WEEK IN THE MARKETS

## *Repelling bolts from the blue*

The moment of truth in the stock market this week came a few minutes past noon on Thursday. Right out of the blue, ICI produced its nine months' figures a full five weeks ahead of schedule—and they made grim reading, with the group moving into a loss for the first time in its history during the third quarter.

Like the dog that did not bark, the striking feature ebout the way that the market responded to this news is that it didn't. You might have thought that the jobbers would bave been falling over themselves to mark the stock down. Not a bit of it. After only the briefest hesitation, ICI's shares moved bigher on the day and the FT-Actuaries All-Share Index climbed to a new all-time bigh.

Of course it is possible to rationalise this phlegamtic reaction. The figures were net so very much worse than the market bad been expecting, end were accompanied by a pretty clear indication that business would bave to get still worse before the dividend was in danger. There must be a good chance that the third quarter will mark a cyclical nadir for this bellwether of the equity market.

All the same, the willingness to respond in this way gives a pretty clear indication of the underlying mood. The message from the market place this week is that the bulls have the upper band.

### LONDON

ONLOOKER

### *Bass bites*

Bass moved swiftly this week to take advantage of Grand Metropolitan's withdrawal from its bid for Coral Leisure, following a reference to the Monopolies Commission reference. It made an agreed bid for Coral on Thursday.

Like Grand Metropolitan, Bass is offering Coral shareholders a share exchange deal—six of Bass for every 13 of Coral—which at the close of trading on Thursday placed a value on Coral of £81.7m.

Bass has its eye on pumping beer through the Pontins holiday interests, which provided Coral with 29 per cent of its trading profit, as well as Coral's Centre Hotels.

Coral, of course, is trying to recover its casino licences, via an sppeal after the courts stripped away three of its licences following police raids last year.

Bass said that "the future of Coral's casinos remains in doubt," but the board "will keep the matter under review, will consult with the Gaming Board and will determine its course of action as soon as these matters can be resolved."

Meanwhile, Coral's chairman, Nicholas Coral, has seen his £300,000 "golden bendshake" lapse. The deal was conditional on the Grsnd Met hid going through. He will be discussing the future of Coral and himself more fully with the Bass board next week.

### *Hawker gains height*

Hawker Siddeley's near 8 per cent pre-tax rise to £57.2m at the half yesr and calm assertion that subsequent trading and profitability hsve been hroadly maintained stands out es in s see of declining volume, falling order hooks, major export obstacles snd savage interest rates.

A hroad geographical and product spread explains Hawker's stability and the stock market seems to be backing the shsres for all they are worth. If, as looks likely, second half profits match those of the first, the prospective fully taxed earnings multiple is comfortably over 10 and the yield, on an unchanged dividend, would be under 5 per cent. Perhaps this high rating is merely a symptom of the ill bealth of many engineering companies of comparable size, but it is asking a lot when some of Hawker's businesses are facing serious problems.

Like any major company, Hawker grows when it hits more tergets than it misses. Among the misses this year are L. Gardner, the Manchester diesel engines subsidisry, which has been blighted by a fall in commercial vehicle orders. Redundancies affecting a third of the Gardner payroll are being resisted by tbe workforce but lay-offs and strikes have not heen confined to diesels.

Crompton Parkinson, the electric motor manufacturer, is also shedding labour. The Canadian division suffered a three-month strike at the railway passenger equipment subsidiary in Thunder Bay. Its Trenton Works is still strike-bound. Trading profits in the UK were broadly steady but the interim results take in a full six-month contribution from Westinghouse Brake and Signal against three months in the comparable period last year.

Future group profitability will, broadly, be subject to two very powerful influences. The railroad business has been expanded slgoificantly and Hoare, Govett, for one, believes there will be a pronounced switch from road to rail transport over the next decsde. Mining equipment interests are slso expected to grow.

The broker is also echoing the fears, expressed by many UK companies opereting in overseas markets, that competition is tightening fearsomely. The strength of sterling is undoubtedly hurting now and the squeeze on margins is not expected to ease off since many eddilional international companies, notably the Japanese, have been entering markets where Howker and other large U.S. and European groups bave traditionally been strong.

### *Retailing relief*

The past few weeks have seen retail analysts pruning their profit forecasts with es mucb fervour as the companies have been cutting overheads. Some of the statements coming out of the sector during the current interim reporting season have been alarming, even to tbose brokers wbo had already lost confidence in their earlier predictions but were awaiting the interim figures to adjust forecasts downwards.

The indications of current trading that came out of the mail order sector, for example, were much worse than had been anticipated and statements of doom and gloom were echoing all along the High Street. In the market, share prices that have been relatively weak most of the year dropped back even further.

But Marks end Spencer's half-timer a week ago, with a mere 11 per cent fall in profits, broke the depressing spell and this week both British Home Stores and, to a lesser extent, Mothercare, endorsed the view that life is not quite as bad as the market was rapidly coming round to believe.

At BHS the £2.55m profits sethack to £10.65m came more as a relief than a disappointment. The results may not look as good as M and S's, but a year ago it was St. Michael that looked the sluggish one so the fact that the boot is now on the other foot is not so surprising.

The sales experience of the two seems to be more or less similar—M and S claims a small volume gain while BHS admits a slight decline. BHS's wage costs have risen faster but they have come up from a lower hase.

The market is now thinking in terms of profits not far hehind last year's £41.8m from BHS and hrokers are divided between those that prefer BHS to M and S at the moment. One point of caution is that unlike some others BHS has not been cutting mergins to shift slow-moving stocks so the latest figures may he flattered and second-half interest charges could prove higher than some expect.

Mothercare's profits fall of nearly a quarter to just over £8m on the back of sluggish sales was obviously a disappointment after last year's sparkling performance. Nevertheless, even though a significant recovery looks unlikely in the second half, the stock remains a favourite with most for the long term even if the price is beginning to look a bit heady.

There is a growing feeling thst the store sector may have hottomed out and the rise in the savings ratio encourages hopes that Christmas sales might not he at all had. Yet it would be a hrave decision to start chasing prices up very much further for 1981 looks far from promising.

### *American buy*

Whan Hanson Trust announced its agreed purchase of the McDonough Company, the only really surprising part of the news was the identity of the company that Hanson was buying. Since its bid for Barber Oil was frustrated, Hanson had been expected to look for another major quarry, probably in the U.S.

Another reason for expecting such e move wss that Hanson is soon going to be flush with funds.

This is to come from two directions: the Iindustries office building in the Brompton Road could be sold for £7m or more, and the 9 per cent stake in Barber will ha worth about $15m when the Barber liquidation is completed. An acquisition seemed a near certainty once Hanson Overseas Finance issued $25m of convertible bonds last month.

McDonough makes footwear, building materials and tools, a rather diffarent sort of enterprisa from Barber's activity in coal, oil, gas and shipping. At the time it was felt that the Barber hid placed rather a premium on its shares (roughly twice net assets); the explanation seemed to ha tha fascination which energy stocks could exert, in a period of ever-rising oil prices.

McDonoogb is somewhat less glamorous, but it may be thought rather more in Hanson's style, which has been described as concentrating in areas of relatively low technology, tending towards the service end of the industrial spectrum.

"There is nothing very complicated in extracting oil and meal from fish," was Sir Gordon White's attitude to taking on an unfamiliar range of products when Hanson made its first sizeable purchase in America. McDonough is presumably looked at in the same way.

### *Duport dumped*

While ICI may have provided tbe stock market with the week's big recession-plumbing shocker, Duport provided a striking set of interim figures on Wednesday which sbowed a turnround from last year's £4.1m first-half profit to a £4.5m loss. A loss was expected from the group, but not on this scale. The shares slipped 3p to 20p, at which point the market capitalisation of £8.5m is less than last year's capital expenditure and only four-fifths of the par value.

The passed dividend came as no surprise. The shares started the day on an historic yield of almost 34 per cent, compared to an average yield in the metals and metal forming sector of 10.55 per cent.

Losses came from all divisions of Duport. Steel, which accounted for slightly over half of the group's £93.5m interim turnover, was £1.8m in the red. This was only to be expected in the light of chairman Eric Sayers' May warning that the steel strike had cost the division £2.4m. Plastics lost £0.9m, while interest ate up £2m, almost twice the 1979 level.

The rest of the year looks, if anything, grimmer. At least a similar loss is in sight, by analysts' reckonings, so that prospective losses per share outstrip the share price. The steel division is operating at less than half capacity, with important motor industry demand well down.

### MARKET HIGHLIGHTS OF THE WEEK

| | Y'day. Price | on Week Change | High 1980 | Low 1980 | |
|---|---|---|---|---|---|
| F.T. Ind. Ord. Index | 495.5 | +14.4 | 508.9 | 406.9 | Hopes of early cut in MLR |
| F.T. Gold Mines Index | 457.8 | −42.7 | 558.9 | 265.5 | Sharp drop in bullion price |
| Bowater | 189 | +26 | 190 | 141 | Investment buying |
| British Home Stores | 162 | +11 | 170 | 113 | Int. profits above expectations |
| BP | 462 | +24 | 468 | 320 | Rising trend in spot crude |
| Brook Street Bureau | 37 | −7 | 73½ | 35½ | Lower int. profits |
| Bryant Holdings | 91 | +10 | 92 | 51 | Good ann. results prop. 100% scrip |
| Coral Leisure | 90 | +9 | 96 | 54 | £81.7m bid from Bass |
| GEC | 570 | +35 | 570 | 326 | Good electrical sector |
| Giltspur | 104 | +19 | 115 | 55 | Bid from Transport Devil Gp. |
| Hawker Siddeley | 244 | +16 | 246 | 158 | Satisfactory half-year results |
| Horizon Traxel | 348 | +55 | 348 | 200 | Hopes of foreign holiday boom |
| International Thomson | 380 | +58 | 496 | 317 | Sale of newspaper titles |
| K Shoes | 65 | +18 | 70 | 47 | Ward White buys 14.85% |
| Kelsey Inds. | 175 | +40 | 175 | 98 | Speculative demand |
| Mothercare | 252 | +26 | 266 | 190 | Interim results please |
| Paterson Zochonis A | 372 | +47 | 372 | 170 | 30% profits increase |
| Renwick | 68 | +18 | 68 | 40 | Bid from AAH |
| Saga Holidays | 205 | +22 | 206 | 164 | Good preliminary results |
| Sun Life | 248 | +21 | 248 | 130 | Liberty Life buys 10.2% stake |

## *Reagan rallies and Kremlin buys*

IF THE STOCKBROCKERS sre to he believed, the baddie this week was a greying Slavic septuagenarian who goes by the name of Nikolsi Tikhonov. Single-handedly, and without so much as putting in a sell order in to the Moscow office of Merrill Lynch, the new Soviet number two managed to wipe billions of dollars off shsre prices on Thursday, giving the market its nastiest day for e month.

This is nonsense, of course. And even giving due sllowance for the fact that Wall Street analysts are a hit weak when it comes to Kremlin-watching, the suggestion thet the leadership change which only formalises something that bas been in effect for months can send sheres tumbling, is far-fetchad to say the least.

### NEW YORK

IAN HARGREAVES

Brokers who used the Tikhonov theory were probably trying to avoid confronting the long-awaited and much-dreaded but now looming probability that the six-month rally is over. All this is far from certain of course, but investors have begun to look at things slightly differently in the last few days.

Much of the summer explosion in share prices bas been termed the "Reagan rally"—a surge triggered by expectations of a rightward shift in the political balance, tax cuts and all the other goodies that a Republican win are supposed to bring. But the latest opinion polls show that Jimmy Carter is not only closing the gap but may even he ahead.

Given that the incumbent always gets a last minute boost, this bas greatly increased the likelihood that Mr. Reagan will find time to take a world cruise next January.

And this is bad news for the stock market. For while Mr. Carter has also promised tax cuts and other goodies of his own, he brings with him all the baggage of the last four years: soaring inflation, high interest rates and Hamilton Jordan. (Wall Street is very ungrateful: it forgets that he also gave the stock market its biggest bonanza for years by abolishing controls on U.S. oil prices. He also fought tooth and nail against wage and price controls, protectionism and special treatment for the peanut industry.)

But even leaving aside politics (which affects the market far less than theorists would have one think), the behaviour of prices and interest rates in the past couple of weeks could hardly be described as cheerful. The Prime is hack up at 14 per cent, end after yesterday's bad (though not unexpected) inflation figures, the prospect of any easing in credit policy looks remote.

The chill creeping through the market was also sharpened by the onencouraging third quarter results that poured out during the week. The chemical companies had a particularly tough time because of soaring raw material costs and a weak market. Profits at Dupont, the industry giant, were down 65 per cent, and most others only did marginally better.

The oil companies also reported unexciting earnings. Exxon was up a mere 8 per cent (in previous quarters it doubled earnings) because of the flatness of the world oil and products market during the summer. Gulf's earnings dropped 41 per cent, hit by foreign losses and the weakness of chemicals.

High interest rates also singed the banks. Profits were up about 10 per cent, only half the second quarter rate, and loan losses appear to he on the rise.

What cheer there was in the market came from a rather unusual sector: transport. The Dow Jones Transportation Index defied the industrials and set a new record two days running. The steam behind the surge came mainly from railway stocks which are currently much in favour because of moves to deregulate the movement and price of freight. The possibility of a boom in coal and grain exports added to their allure. Burlington Northern's third quarter profits nearly trebled, which did wonders for its share price. Other big names like Union Pacific, Southern Pacific, Santa Fe Industries and Soo Line were prominent.

| | | |
|---|---|---|
| MONDAY | 960.84 | + 4.70 |
| TUESDAY | 954.44 | − 6.40 |
| WEDNESDAY | 955.12 | + 0.68 |
| THURSDAY | 939.51 | −15.61 |

## *When the excitement fades away*

MY AUSTRALIAN mining friends were right, despite what the opinion polls had been saying. Last week's Federal election Down-Under returned the Liberal administration to power for another three-year term and the Australian share market jumped for joy on Monday, not so much because of that administration's virtues hut more in relief that Labor had been kept out.

The euphoria may soon cool and the more speculative issues have been quick to send out their optimistic exploration reports and to set about raising new funds while the going is good. Normal investment criteria will soon play the major rule in the market and for this reasoo an even more coutious approach should be adooted by would-be huyers of the speculative stocks.

It is worth bearing in mind that on November 4 another election is due that could effect the Australian sharemarket. This is the U.S. Presidential election. It has heen argued that whichever candidate wins, he may well set about stimulating the U.S. economy.

Certainly, the business world is hoping for a fillip if Mr. Reagan and the Republican party win the day. There is thus the possibility that U.S. investment funds will concentrate more on doooestic opportunities and it should he remembered that it has been U.S. investment money that has played a major role in stimulating the Australian sharemarket over the past year or so.

Any switch of U.S. investment interest from the Australian scene could well bear heavily on the mining and oil and gas exploration issues. As one Australian investment observer told me this week, "the Americans have been conned into huying an awful lot of dubious stocks which they are going to find hard to sell if the market goes stale."

The good-class issues should survive well enough and my favourite among them. Western Mining, has pulled out another plum this week. In the Kambalda nickel area, which set Western Mining on the path to expansion, the group has outlined a gold deposit which is so far estimated at 1.1m tonnes averaging 4.7 grammes gold per tonne.

### MINING

KENNETH MARSTON

The find looks to be shallow enough to he worked by the relatively cheap open-cut methods and thus the modest gold grade should be quite profitable. Furthermore, the limits of the deposit have not yet been defined and the potential exists for the discovery of more ore. The find could provide a useful near term money-spinner.

Meanwhile, base metal prices remain very much in the doldrums, hut all markets seek to spot the recovery long before it comes about. Optimists will thus be interested to hear that this week the West German Economic Research Institute has forecast that copper prices will recover strongly next year despite the expected production surplus.

It is argued that refiners will wish to rebuild their low stocks and in doing so they will attract speculative buying. It is not a view that is generally shared by metal market observers, but at least experience has shown us that when metal markets turn they do so very suddenly.

There is little sign of any upturn in the demand for nickel and the world's largest producer, Canada's Inco, is finding the going very hard at the moment. It is cutting production in order to stem the rise in unsold nickel stocks which at September 30 amounted to 131m lbs, while sales in the first nine months of this year have fallen to 265m lbs compared with 303m lbs in the same period of last year.

Losses continue at the Indonesian and Guatemalan operations and the latter country is considering levying a tax on nickel exports and taking away the right to carry forward losses against taxable income.

On top of it all, Inco's electric battery subsidiary is also losing money as a result of the recession in the U.S. automobile industry coupled with labour prohlems, although the latter bave now been resolved.

The net result is that Inco's earnings for the September quarter of this year have fallen to US$38.9m compared with $55.9m in the same period of last year, although that quarter benefited from a tax credit of $24m.

For the first nine months of this yesr earnings total $182.5m compared with $72.5m in the same period of 1979 which, it will he recalled, covered the long strike at the Sudbury, Ontario operations. Inco is omitting its usual end-year extra dividend but the total quarterly payments for 1980 still amount to 69 cents compared with 50 cents for 1979.

Tough times are nothing new for this big company and, indeed, it bounced back with a record profit of $97.5m in the first quarter of this year. The shares are now under £9 compared with £14 earlier this year and I cannot help wondering if Inco will attract an oil major seeking a long-term mining investment, providing that any anti-trust complications can be overcome.

Finally, the euphoria seems to heve disappeared from the gold merket for the time being, at least. The September quarterly reports from the South African mines bave underlined the need for the bullion price to keep rising if current profit levels are to he maintained against the continued rise in costs. Randfontein, for example, reckons that its costs could rise by 27 per cent this yeer.

It is notable that for most of this year gold share prices, as measured hy our Gold Mines index, have closely followed the course of the bullion price. In the past two months, however, the rise in share prices has gone ahesd of thst in bullion to leave e sizeable gap hetween the two. So either bullion is going to advance sharply or shsre prices have risen too far. Here is another share market where caution is required.

## *UK banks and Massey*

BY MICHAEL LAFFERTY

THIS WEEK the precarious financial position of Massey-Ferguson, the Canadian-based agricultural equipment multinational, became much clearer. Massey is in serious trouble and needs a major capital reconstruction, based on Canadian government and international bank support, if it is to survive in its present form.

It is misleading to think of Massey-Ferguson as a Canadian business. If employment and assets employed are criteria it is much more a UK group. Massey has substantial operations in Britain, where it employs about 16,000 people. These include the Perkins diesel engine group in Peterborough, which is one of the largest operations of its kind in the world, and the tractor factory in Coventry, which employs 6,000. In contrast, total Canadian employment amounts to only 6,000 workers in all. Again, the UK accounts for around 30 per cent of Massey group assets.

In line with the significance of Massey's UK business, British-based banks, and the big clearing banks in particular, are major lenders to the group. British banks are thought to bave loans of about £250m outstanding, with some two-thirds of this relating to the clearing banks. Barclays Bank, followed by Midland, bave the most at stake. Most of this lending is covered by Export Credits Guarantee Department guarantees, and the net uncovered position of the clearers is thought not to be much more than £50m.

The shape of the rescue package which is now heing mooted for Massey would require that all the 250 or so banks with loans outstanding should take equity in the group. The British clearing banks, led by Barclays Bank, have taken the view thet they would be much better off with equity in Massey's UK operations.

The British banks appear to accept that the conversion of some of their loans into equity is now inevitable. However, they want to take equity in the UK Massey businesses in preference to those of the overall group. This is justified on the grounds that the UK companies are more viable than Massey as a whole.

The clearers' willingness to take equity stakes marks a striking departure from traditional attitudes in British banking. Historically, the British—unlike their counterparts in West Germany—have not taken equity shareholdings in their industrial customers. Bankers have argued in the past that it is no part of their business to manage industrial companies, and have tended to appoint receivers when a company came close to insolvency.

Of course, receivers can only be appointed when banks have floating or fixed charges (mortgages) over a company's assets. In the Massey-Ferguson case no such charges exist. "Massey had a policy of never giving security anywhere in the world," explained a British banker the other day.

So it could be said that the clearers have no real alternative to taking equity in an overall rescue package.

Nevertheless the Massey case will set a very important precedent. It seems highly likely that when similar problems occur in future with major British companies that the banks will he expected to adopt a similar attitude, rather than close down the business and put perhaps thousands of people out of work.

There can be little doubt that the banks are already being called upon to help out many of their industrial clients in a way thet goes beyond what has been normal in the past. By all accounts they are being encouraged in this by the Bank of England, whose industrial unit is said to be well placed to identify problem cases hefore they become disasters. In the Massey case, for example, it is understood Barclays Bank convened a meeting of all the clearers under the auspices of the Bank two weeks ago.

The Massey-Ferguson case raises some interesting questions about the methods used by bankers for assessing credit risks. It is quite normal at present for banks to lend, without any security, to multinationals with well-known names.

A fairly simple analysis of Massey's financial statements over the past five or more years would have shown that its financial position was getting worse, and that its Canadian operations were far less significant, for example, than those in the UK.

But while Massey's financial statements are of a relatively high standard, the same cannot be said of those of many companies from Japan and continental Europe. Here international bankers have a choice between hope and taking security.

In Massey's case the bank with most at stake is Canadian Imperial Bank of Commerce. It is the lead bank in this whole affair, and the success or failure of the present rescue attempt seems to depend greatly on whether or not CIBC will be able and willing to put up enough new money of its own and take sufficient equity to satisfy both the Canadian Government, and all the other banks involved.

# INSURANCE

## Life lines

BY ERIC SHORT

THE 1970s was very much the decade of consumer protection, with governments endeavouring, through legislation, to protect the public primarily from its own follies.

The insurance industry was very much involved in this social change, having its own special legislation—the Policyholders' Protection Act, 1975. This provides that individual policyholders in insurance companies which get into financial difficulties will have at least 90 per cent of their contractual benefits protected—100 per cent where the insurance is compulsory such as third party motor cover.

The rescue operations are financed by the insurance industry, through a levy on premium income. Life and general insurance operations are kept separate for the purposes of the rescue operations and the levy. The operations under the Act are controlled and supervised by the Policyholders' Protection Board. This is composed of five members—three top experienced insurance personnel and one consumer representative under an independent chairman—accountant Colin North Smith, a senior partner in Peat, Marwick, Mitchell.

The need for this protection is paramount for insurance. The public, by and large, has only a vague idea of insurance generally, and very little knowledge of individual insurance companies. When he buys his insurance contracts, the policyholder takes it very much on trust that the insurance company chosen will be able to meet its obligations and pay out claims promptly and in full.

But what happened before the consumer protection legislation? Motorists insured with Vehicle and General found themselves without cover literally overnight when the company went into liquidation in March, 1971. So far they have received 60p in the pound back on their claims against the company with the prospect of another 10p towards the end of next year.

Investors in Nation Life found in July, 1974, that when the company went into liquidation, their Guaranteed Income Bonds no longer guaranteed any income payments nor their capital back. They have been paid 73p in the pound so far and cannot expect to get more than a penny or two more.

The Act came too late for the rescue of either of these companies, though strenuous efforts were made to include Nation Life. Now the Government is reviewing the workings of the Act, the review being incorporated in the Act), presumably to see first whether the legislation is still required and, if so, what changes are needed in its operation and in its coverage.

The justification for continuing to provide protection under the Act should be self-evident if one considers how it has worked in practice, at least with life assurance.

When the life company, Capital Annuities, went into liquidation, the protection Board set up an interim payment scheme within a comparatively short time to ensure that income payments under annuities and income bonds were maintained. Policyholders are now receiving 90 per cent of the payments due to them under their contracts. The disruption to their income payments was minimal and they were paid any arrears very quickly.

This rescue has been financed by one levy on life premiums made in 1977 which raised £1¼m.

Yet despite this practical use of the protection, the British Insurance Association in its evidence on the Act remains opposed in principle to any statutory provision for indemnifying policyholders and it gives four reasons for still maintaining its opposition.

The BIA considers it the responsibility of the individual to take care in selecting the right insurance company, with emphasis on security. Then it believes that insurance brokers have the same responsibility to put security before price. The BIA also feels that the existence of the Act and the rescue of policyholders might tempt underwriters to be less prudent in their operations. Finally, it thinks that because of the Act the Department of Trade which supervises the operations of insurance companies may be tempted not to be as watchful as needed.

Both Vehicle and General and Nation Life before their downfall were offering very attractive rates or yields which tempted both individuals and brokers. The underwriting and management was certainly less than prudent, but the DoT failed to discover the problems in time to take remedial action.

The Life Offices Association and the Scottish Life Offices, in their evidence, are still uneasy about the principle of the Act, though their opposition is very muted compared with the vociferous shouts made by certain life companies before the Act became law. But the strongest voice in opposition at present comes from Mr. Bill Brewood, the General manager of Refuge Assurance—the Manchester based home service insurance company.

In a recent article in an insurance magazine, he first condemns the principle of the Act as turning the clock back from the basic principle of insurance as the pooling of risks to the old system of the "whip round" among people when disaster struck. He then questions whether the Act would be able to achieve a rescue of any major life or general insurance company without requiring a massive levy which could impinge on the solvency of other insurance companies. And finally, he questions why policy holders in well-run companies should be subject to a levy (through their premiums) to rescue other policyholders in companies less well managed.

The evidence of the life companies concentrates on sorting out problems that have arisen in the operations of the Act. It has been found that the best way to rescue a life company that gets into trouble is to stop it taking on any new business but to continue the operations of the company, reducing the benefits if necessary, but to pay them out on the final date specified in the contract. But by all means avoid putting that company into liquidation.

The Protection Board arranged this in the case of Fidelity Life which ran into trouble in 1976. Now everything is proceeding smoothly with policyholders receiving their benefits in full, at no cost whatever to the Board.

But under existing insurance legislation, the Board cannot really operate until the life company is first put into liquidation with all the attendant delays. It managed to deal with Fidelity Life by operating very much behind the scenes. The Board itself has pointed out this defect to the DoT. Now the evidence of the LOA reinforces the need for this change to be made so that the Policyholders Protection Board can operate without a life company going into liquidation.

# FINANCE AND THE FAMILY

## Handicapped child's claims

BY OUR LEGAL STAFF

**I was alarmed to hear on the radio some weeks ago that a handicapped child has certain prior claims on an estate, whatever the provisions of the will of his parent. Could you please explain the position?**

It is not strictly accurate to say that a handicapped child has a claim as such; but the effect of the Inheritance (Provision for Family and Dependants) Act 1975 is such that most handicapped children would have a claim as a child of a deceased person if the will (or intestacy) of the deceased does not make reasonable financial provision for that child. The fact of his being handicapped usually means that a child may require financial support even when of full age: hence his claim may continue when those of other children would normally cease.

### A claim for interest

**On filing a petition for divorce, a sum of money was frozen in my ex-husband's bank account. I did not receive it until four months after the Court had ordered it to be paid to me. Could you please tell me if I would be entitled to the interest in this four month period of waiting?**

It depends on the reason for the delay whether you might have a claim for interest. You should enquire of your solicitor. If the delay was the fault of the court you could apply to the Lord Chancellor for an *ex gratia* payment equivalent to the interest lost.

### Infant son's life policy

**My infant son (now aged 11) effected a policy on his own life in June 1979, the policy being placed with Friends Provident Life Office. The premium of £800 per annum is being paid gross and I understand that the Life Office is obliged to collect premiums on the gross basis for as long as the child is under the age of 12. Section 10 of the Friends Provident Life Office Act, 1975, makes plain that a minor may effect insurances with the office through a parent or guardian and shall "enjoy all the privileges and shall be liable to all the responsibilities appertaining to members of full age, notwithstanding his incapacity or disability in law to act for himself." Section 19 (as amended) of ICTA, 1970, quotes the statutory basis for tax relief and, according to that section, my son's policy is entitled to tax relief. As you know, by the Statement of Practice dated February 28, 1979, the Inland Revenue arbitrarily deny tax relief to children under 12 whose policies were not taken out prior to March 1, 1979. Is it your opinion that the Revenue's behaviour, being extra statutory, is worth contesting and how would you suggest I should go about it?**

The Inland Revenue statement of practice dated February 28, 1979 (SP 4/79), undoubtedly went too far. In the face of legal argument, the Board modified their stance, and the revised statement dated November 1 (SP 11/79) appears to be on surer ground.

You know your own son, but it seems a little unlikely that a 10-year-old would decide to commit £800 out of his income each year for the benefit of those whom he would leave behind upon his death—unless perhaps he had some reason to suppose that he might die prematurely.

If you consider that the insurance was indeed made by your son (so as to satisfy section 19 (2)(c) of the Taxes Act, as amended), your remedy is to submit a claim on his behalf under paragraph 15(1) of schedule 4 to the Finance Act 1976, in accordance with section 42(6) of the Taxes Management Act 1970. If the claim be refused, there is the usual right of appeal to the Commissioners (and to the courts).

### Evidence of occupation

**I bought a piece of land in 1973 as to which the seller provided a statutory declaration that he had been in full, free and undisturbed possession for 10 years. Is there now any advantage in my taking steps to establish absolute title, and, if so, what should I do?**

Unless the property is in a compulsory registration area you do not have to do anything, but should preserve evidence of your own occupation.

### Protected tenants

**Ms. A lives in half of a house she owns and in return for this, taking care of her for the past 30 years, has let the other half to Mr. and Mrs. B for a nominal rent and has left it to them in her will. It now seems likely that Ms. A will have to enter an old people's home, which, as her income is small, would probably insist on the freehold of the house being transferred to them for their services. As sitting tenants, what rights do Mr. and Mrs. B have? Could the home, as new owners, increase their rent?**

We think that you would be wise to consult a solicitor. Mr. and Mrs. B certainly have rights as protected tenants under the Rent Act once Ms. A is no longer in occupation. It is therefore important to ensure that Ms. A's move is carefully planned—preferably by Ms. A's granting to Mr. and Mrs. B a lease at the present rent for a specified duration. At the end of that time the rent could be increased to a "fair rent," but the lease could be granted for, say, 20 years.

### Particulars of an estate

**One of my ancestors left in his will property to be kept (not sold) for use of his descendants. I have a copy of the will and the probate. Where can I obtain a copy of the court probate, so that I can obtain exact details, particularly, the exact address of this property?**

If you already have a copy of the will and of the probate there is nothing further that you can obtain by searching at Somerset House (by application to the Record Keeper at the Principal Registry of the Family Division). It is the job of the executors to supply any further particulars of the estate.

## Tax on interest not received

**Last year I bought some gilt edged stock through the Post Office Register: interest is paid gross, therefore. I was assessed on this interest in May and I paid tax as a lump sum. I have now received another demand "for the year ending April 1981"—payable by November 10, 1980. Am I obliged to pay tax on income I have not yet received? There is a good chance, I think, that I may sell the gilts before April 1981 to realise a capital gain, and so not receive all the interest anyway. If payment in advance is obligatory, could the tax people not add this income to my other income and so collect through PAYE?**

The 1980-81 income tax (under case III of schedule D) is not payable until New Year's Day; either you have misread the tax demand or the inspector has made a mistake.

There is nothing in the Income Tax Acts which authorises a taxpayer to delay paying tax until he actually receives the income to which the tax relates. However, it is open to you to give notice of appeal (by November 20) on the grounds that the amount of interest which will arise in 1980-81 is less than the amount assessed. You may also apply to postpone payment of taxes on the excess interest (until the true figure is known, next April, and your appeal can be settled).

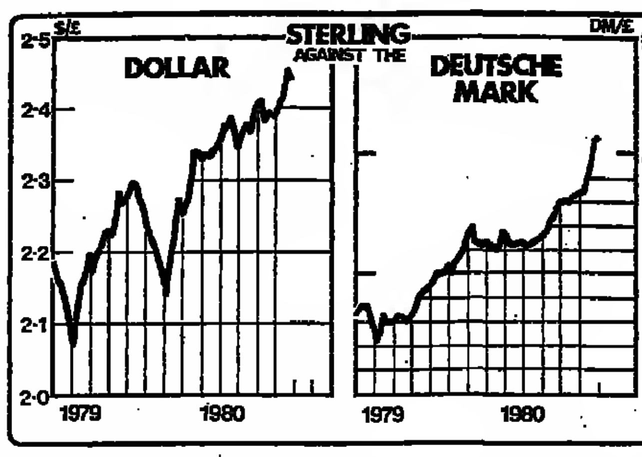
The inspector would have reduced your PAYE code number if you had asked him to do so, but this would have meant that you were paying tax even further in advance and so he would not do it on his own initiative.

*No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.*

# YOUR SAVINGS AND INVESTMENTS—1

## *The £ in their pocket*

AS THE BARONS of British industry are at constant pains to remind us, sterling's present value looks almost preposterously high when measured against many conventional yardsticks. According to the London Business School, the pound was 33.8 per cent above its "trend competitive value" by the and of last month and has certainly risen further in October. LBS calculates this value by comparing the trend in UK manufacturing wholesale prices with those of 18 major trading partners.



It may, therefore, be surprising to hear foreign exchange pundits forecasting a further increase—yet some analysts are expecting sterling to hit $2.50 or even $2.55 within a few months. On Tuesday of this week sterling touched a peak of over $2.45, its highest level against the dollar for seven years, and its rise against the German Mark has recently been even more dramatic. On Tuesday it hit DM 4.59, a rate last seen four years ago.

The conventional wisdom of the foreign exchange markets has been upset in part by the dogged credit policy of the Thatcher government. At a time when West Germany and Japan are signalling their intention to allow a slight fall in interest rates, the UK is sticking to its high interest rate regime.

This means that the already wida interest rate differential between Britain and, for example, the major European countries could widen further in the next month. And sterling also looks sound on a rather longer term view. The present very high interest rates mean that sterling yields have further to fall than those on almost any other currency. So a foreign investor who locks into the gilts market now stands to show a larger capital gain than an investor in Deutsche-Mark bonds.

The applecart could, of course, be upset if the Government allowed interest rates to fall sharply before monetary growth and inflation hava been brought firmly under control but this looks unlikely to the market. The popularity of the Government's approach with the foreign exchange market was described by one analyst as the "Thatcher Effect."

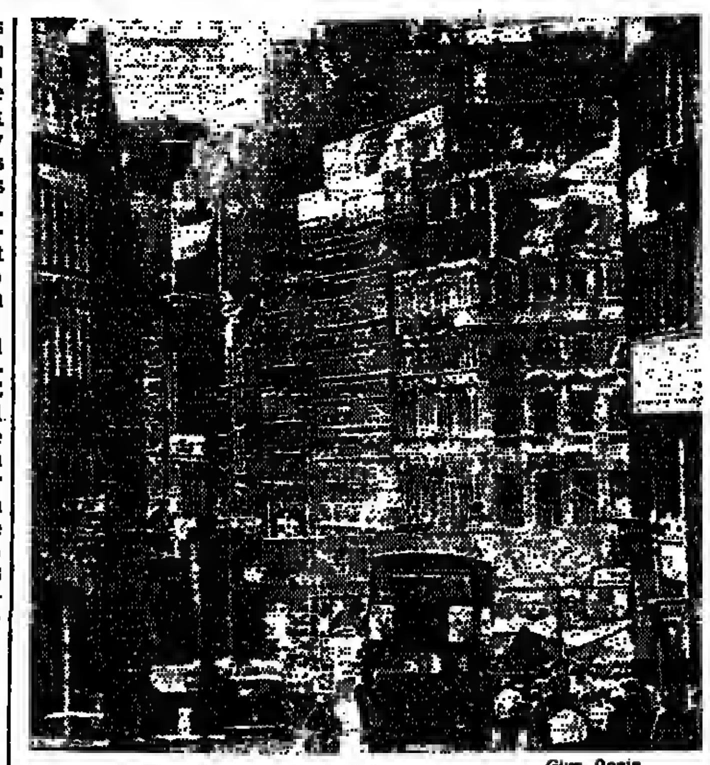
Then comes the impact of North Sea oil. The knocking which British manufacturing industry is taking from the strong pound is being compensated in the current account balance of payments by growing oil exports which have given the UK a current account surplus unique among major industrialised countries. The foreign investor seeking a home for his cash is therefore confronted in tha UK with an attractive interest-rate climate and a continuing payments surplus.

To an extent, the U.S. shows the same characteristics, which helps to explain why both sterling and the dollar have been strong recently against European currencies, notably the D-mark. West Germany is running a yawning payments deficit and, while high U.S. interest rates limit the Bundesbank's room for manoeuvre, it is under strong pressure to stimulate growth through a reduction in interest rates.

Sterling's charm has attracted not only the traditional international funds (mainly OPEC money) but also institutional cash which generally stays close to home. Several foreign exchange analysts believe, for example, that West German institutions are increasing the proportion of their portfolio devoted to the UK. If this is so, sterling may derive long-term support from these sources.

Yet even the analysts who are forecasting sterling at $2.55 accept that there could be a reaction next year. If Western economic activity starts to pick up the current account deficits of western countries should shrink and the UK's parlous growth rate may be left far behind. A current account surplus built exclusively on oil is not, as the CBI would agree, an unmitigated advantage. If the market develops the jitters, it may well look again at sterling's "trend competitive value." And that, no doubt, would be a great relief to ICI.

**JOHN MAKINSON**



Glyn Genin

### THE NEWSPAPERS AND THEIR OWNERS

| Company | Year-end | 1979 £000 | 1980 £000 | Interim £000 |
|---|---|---|---|---|
| TRAFALGAR HOUSE | Sept. | 43,698 | | 19,344 |
| Group: Newspapers and magazines | | 6,958 | | 3,948 |
| ASSOC. NEWS | Sept. | 39,965 | | 12,310 |
| Group: Newspapers | | 18,700 | | N/A |
| *REED INT'L | March | 1,611,000 | 1,516,000 | |
| Group: Newspapers | | 10,000 | 6,300 | |
| PEARSON LONGMAN | Dec. | 25,669 | | 5,571 |
| Group: Financial Times: | | 3,996 | | 1,427 |
| NEWS INT'L | Dec. | 27,969 | | 13,210 |
| Group: UK Printing and publishing | | 17,960 | | N/A |

* Reed International is trading profits: all others pre-tax. Associated Newspapers: Group figure comprises results of certain companies for 15 months, certain for 21 months. Newspaper result for 12 months only. Newspaper profits are broken out as precisely as is available from segmented group profit figures.

## *Taking a flutter on Fleet Street*

**NEWSPAPERS**

ROBERT COTTRELL

IT HAS BEEN a week of mixed feelings for shareholders in the International Thomson Organisation. While they may have felt it a blow to corporate pride that so distinguished an institution as The Times could not prosper in their ownership, the impending divestment is good news financially.

Thomson interests have absorbed £70m in losses and loans from The Times since taking it over in 1966. A pre-tax loss of £8m looks likely for the current year, rising to £15m if the Sunday Times and the three associated supplements are added in.

The market reacted to Wednesday's announcement by marking ITO shares up 30p to 360p, boosting its market capitalisation by £40m, and there was another sharp rise on Thursday.

The Times has been the most public sufferer from the high wage costs and erratic industrial relations which hamstring profitability on Fleet Street. Trench warfare at Printing House Square reached its height in the 1978-79 shutdown, which brought to a head management and union differences over disputes procedures and the introduction of new technolcgy.

The management appears to have won little by the stoppage. The Times Newspaper wage bill is unofficially estimated to have doubled since it started, while disputes, with journalists as well as production staff, have continued.

The surprisa is not that ITO plans to withdraw, but that it has stayed so long. It is expected to turn in after-tax profits of around £39m in the current year, roughly equivalent to surplus cashflow from its North Sea oil interests alone. Next year, according to a forecast from stockbroker Wood, Mackenzie, after tax profits may rise to £51m. But oil output will be diminishing, substantially by 1985, so ITO has relatively little time left in which to use the oil revenue to establish a compensating earnings base for when the wells start running dry. Seen in that context, tha prospect of losses at The Times were a luxury it could not prudently afford.

Fleet Street is in a recessionary phase which, aggravated by high labour costs, can prove fatal. On the positive side, newsprint costs have held relatively steady over the last year thanks to the strengthening pound. If sterling holds present levels, analysts expect that further newsprint price rises should amount to no more than 10 per cent by the end of 1981.

But advertising revenue is on the downturn. Display advertising volume, according to a forecast from stockbroker Buckmaster and Moore, could dip 10 to 15 per cent within the next yesr. While classified advertising in the motor and property categories has held up for the regional newspapers, recruitment advertising—particularly for public sector appointments—which is important to national newspapers has dropped away. Newspaper industry wage costs, meanwhile, have kept pace with or outstripped inflation, and only among the most optimistic is there a hope that the examples of the Evening News and The Times will moderate demands in the coming year.

The Guardian, the Daily Telegraph and the Sunday Telegraph are owned by independent trusts. The Guardian's loss is offset by profits from its sister paper the Manchester Evening News, such that the group showed a pre-tax profit last year of £3.2m. The Daily Telegraph and Sunday Telegraph showed a combined profit of £1.8m.

The performance of Fleet Street's other titles furrows the brows not of trustees dedicated to their maintenance, but of managers and shareholders looking for profits. Last year, six of the nine national newspaper groups made profits totalling £50m. But this figure was almost matched by losses from the other three. And while there may be a permissible margin of indulgible pride in the ownership of a national newspaper, it cannot finally over-ride the financial criteria which govern any other sort of business.

● TRAFALGAR HOUSE bought the Beaverbrook empire for £15m in 1977. Since then, it has invested a further £15m in what is now called Express Newspapers, comprising the Daily Express, the Sunday Express, the Evening Standard, and the Daily Star. This year, they may make a pre-tax loss of around £2m. But with the help of other publishing interests including the Morgan-Grampian group, TH could still look forward at the interim stage for a full-year improvement by its newspaper and magazine division on 1979's £6.6m pre-tax profit. TH 1979 group profits took a tumble from £60.6m to £43.7m, since the prior year included exceptional profits on property and share sales. The group's main earner is construction, which in 1979 contributed £26.3m. The shipping, aviation and hotels division lost £5.7m in 1979, and £1.6m in the first half of 1980. The group is currently seeking to improve shipping profits by sailing liners under a foreign flag, saving its Cunard subsidiary a claimed £4.5m annually. Analysts forecast pre-tax profits of £48m to £50m in the current year.

Lord Matthews, TH chief executive, has said the group "will not keep the Express Group going if it has substantial losses—we can't afford £10m of newspaper losses if they ever occur."

● ASSOCIATED NEWSPAPERS owns, in addition to the Daily Mail and Evening News, interests in North Sea oil, provincial newspapers, restaurants, transport, and property. A change in year-end brought 18-month figures for the last accounting period, with newspapers contributing half of the group's £39m pre-tax profit. In the 12 months to September, 1979, newspapers probably made some £13m, including a net loss of perhaps £3m on the two Fleet Street titles. The Daily Mail is profitable, while the Evening News may have lost £5m or more in the last year. It is now to be merged with the Evening Standard. AN and TH will each invest around £2.5m in the jointly-owned new venture, which could produce perhaps £4m profits annually if spared labour problems and effective competition. The NGA dispute will have damaged provincial newspaper earnings for the year just ended, so, with the help of increased oil revenue, perhaps £21m pre-tax profits are in sight.

● REED INTERNATIONAL owns Mirror Group Newspapers, comprising 18 newspapers including the Daily Mirror and Sunday Mirror. MGN produced £6.3m in trading profits last year, equal to only a tenth of Reed's earnings from its pulp, paper and packaging business. Reed also owns IPC, and showed trading profits last year of £27.9m on publishing interests other than newspapers. MGN's profits were a sharp decline on a prior year £10m. It has been in tha vanguard of Fleet Street's aspirations towards new technology, but with less than the hoped-for success. Reed takes the view that its newspapers must earn their keep like any other business. Paper sold within the group is priced on an arms-length basis. Analysts expect group pre-tax profits in the current year to decline from 1980's £99.9m to perhaps £75m.

● PEARSON LONGMAN is the parent company of the Financial Times, and also owns book and regional newspaper publishers. It is itself 63.56 per cent owned by the S. Pearson group. Interim results this year showed FT profits down from £2.157m to £1.427m, while regional newspaper earnings were hit by the NGA dispute. A major factor in the FT's profits downturn was continuing investment in its Frankfurt edition, launched last year. The Pearson Longman board acknowledges that prospects for the full year "are not good," while analysts say £16m to £19m is in sight, against a prior year £25.7m.

● NEWS INTERNATIONAL gava considerable cause for thought this year when Australia's News Ltd., which then owned 49.9 per cent of NI, bid for control. It offered a mixture of cash and special NI shares carrying dividend rights linked to distributions made by News Ltd., but no voting rights. The market has decided to value the NI special shares at around a third less than News Ltd. shares, a discount which analysts now feel values a vote too highly. Unlike the other conglomerates with a foot in Fleet Street, the communications business is central to News, and its chief executive, Rupert Murdoch, runs his newspapers with a personal styla which is highly rated in the City. Last year's £28m pre-tax profits from NI crowned a decade's eightfold growth, with the Sun and the News of the World contributing around £15m. The going is tough for the group's U.S. newspaper interests, but analysts tip the discounted NI shares, with their access to strong UK and Australian businesses, as the only Fleet Street share with a current "buy" rating.

# YOUR SAVINGS AND INVESTMENTS=2

## Cash holdings in unit trusts

**UNIT TRUSTS**

TIM DICKSON

MONEY market funds, invested in Treasury bills, certificates of deposit and other money market instruments, could well be the next big development in the unit trust world. Popular in the U.S. where they have grown from \$45bn to \$80bn this year, money market funds would undoubtedly boost unit trust sales and offer unitholders an interesting new option.

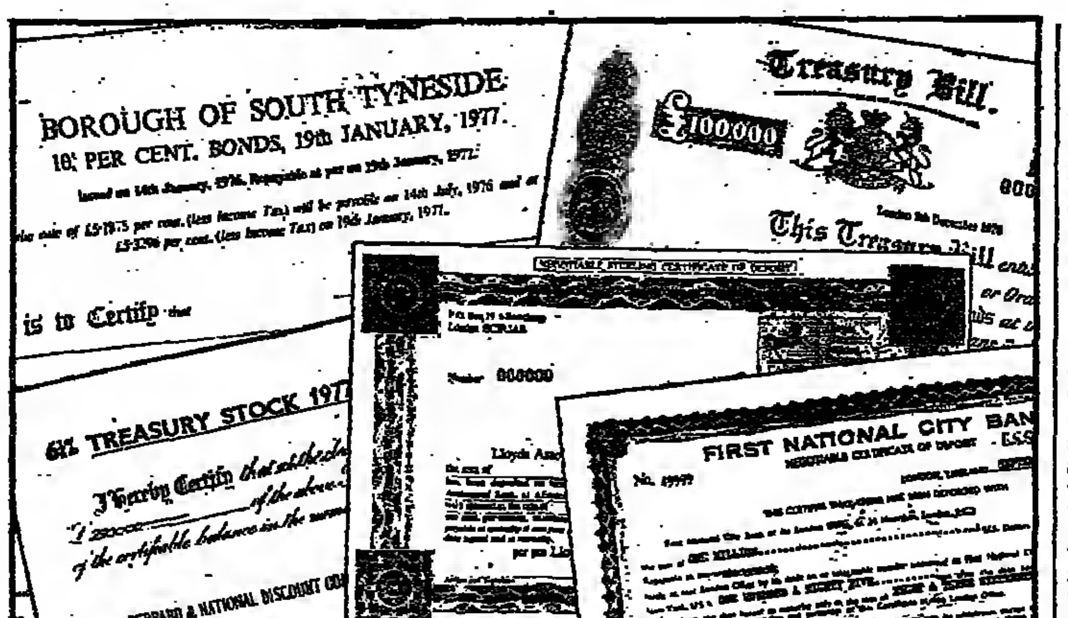
It is, however, still early days. Exploratory talks have been taking place between the Unit Trust Association, which put forward the idea, representatives of trustees and the Department of Trade, which regulates the unit trust industry on behalf of the Government. Stumbling blocks include valuation and pricing arrangements and the current limitations on the size of cash holdings in most unit trust portfolios.

Moreover, the Bank of England might have something to say about the impact on monetary policy. All parties involved in the discussions have an open mind but there are still many practical problems to be overcome and a great many details to be worked out.

In the U.S. money market funds have been encouraged by Federal Banking Regulations, which restrict the payment of interest on bank deposits to a maximum 5 per cent. At a time when money market rates have consistently been in double figures, funds reflecting this sort of return have obviously attracted followers.

In the UK, the margin between money market rates and bank or building society deposits is much narrower, so the incentives will be different. Unit trust management groups, for instance, would no doubt welcome the opportunity to add to their range of specialist funds at a time when new business has not always been easy to find. The recent spate of new gilt funds, launched in the wake of tax changes in this year's Finance Bill, shows that a new idea can give sales a useful shot in the arm.

Money market funds, however, could prove more important than most marketing brainwaves. With the trend in recent years towards greater specialisation, unit trusts these days are no longer just a long term investment. Switching is increasingly common and most groups are finding as a result that funds under their management are less and less stable. By offering a money market trust on the right terms the theory is that unitholders contemplating a switch could be tempted temporarily into cash before making their next move. In this way the chances of unitholders remaining with one group, instead of defecting elsewhere, would be enhanced.



The UTA's enthusiasm for this innovation, however, will first have to overcome a number of technical hurdles. For example, there is the famous "cash on deposit" clause in most unit trust deeds which restricts liquidity to investment in certain recognised banks approved by the trustee. Before 1974 unit trust cash could be deployed at the discretion of managers but as a result of the secondary banking crisis, regulations were made to protect unitholders from a future collapse.

Those responsible will have to decide which money market instruments are sufficiently secure to satisfy the requirements of the Department of Trade and the trustees. Trade bills, for example, do not carry the same quality of guarantee as most bank bills. The cash on deposit clause also presupposes that unit trusts are fully or almost fully invested in securities — liquidity should be largely a transitional stage which new money passes through on its way into individual shares. This requirement has recently been omitted from the deeds of the new gilt funds, which are allowed to be either fully liquid or fully invested.

Another problem for unit trusts wishing to set up money market funds is the traditional spread between bid price and offer price. On most authorised funds this tends to range between 6 per cent and 7 per cent, reflecting charges, stamp duty and dealing costs. If UK funds are to follow the U.S. model — redeemable shares are sold and redeemed at net asset value — the authorities will have to establish a single pricing system. This at the moment would only be possible if unit trust instrument duty of ½ per cent, effectively a stamp duty on all unit trust purchases, is abolished.

In the U.S. money market, funds issue redeemable shares. Returns from the fund's instruments, net of fund expenses, are distributed to shareholders in the form of daily dividends which can be reinvested in additional shares.

The most unusual feature of the funds, however, is the maintenance of a stable net asset value per share. If this example is to be followed in the UK, rules will have to be drawn up which specify how units are to be valued — accurate pricing is essential to satisfy the interests of both existing investors and those who wish to cash in their investment. In particular, the treatment of unrealised appreciation or depreciation could be one area for discussion.

## Have a happy holiday

UNTIL THE last year or two, holidaymakers and travel agents gave very little thought to insuring the actual holiday itself. Travel insurance tended to be confined to insuring baggage and providing personal accident cover.

Then came problems with certain tour operators getting into difficulties in the mid 1970s, resulting in cancelled holidays. This highlighted the need for insurance to indemnify losses arising from the cancellation of a holiday, whether by the individual or by tour operators themselves.

Then came a series of industrial actions at various airports in Europe leading to delays and worse—thus adding to the costs—when the traveller had to seek additional hotel accommodation. Insurance to reimburse such costs of delays has now become an added feature for travel insurance.

Finally, the British holidaymaker, used to the free facilities of the National Health Service, found that such facilities were either not so common or were non-existent overseas.

Until last year, travel insurance policies carried a £5,000 limit on medical expenses cover and this was considered to be satisfactory. Then in July of last year, Mr. Frank McPhillips from London who was in New York on business collapsed and had to undergo open heart surgery. The bill came to £46,000 and the implications gave the travel industry heart failure. Almost overnight medical expenses limits were raised to £50,000 with corresponding rises in premiums.

So current travel insurance packages offer very comprehensive cover for an inclusive premium of about £10 per person for a standard 15-day European holiday.

Finally, while travellers to the US need the £50,000 cover for medical expenses, it is unnecessarily large for holidays in Europe, where in many countries there are reciprocal arrangements with the NHS in the UK.

So the new travel insurance contract from J. Perry and Company (Holiday Insurances)—Travelsurance '81—offers complete flexibility. The insurance can be tailored to the individual's own requirements, avoiding overinsurance and higher premiums.

It comes in three parts. The first covers cancellation only. When near to the start of the holiday when cancellation looks unlikely, the holidaymaker can consider sections two and three.

Section two covers delay and abandonment and is only needed if the tour operator does not provide this protection.

The third section covers needs while on holiday—medical, emergency, baggage and personal. The standard medical limit is £10,000 with the option to increase this to £50,000, if required. It can cover winter sports holidays, by paying an extra premium for personal accident cover.

## Policy transfers

INVESTORS emigrating from the UK find it difficult, if not impossible, to take their UK life assurance contracts with them.

A life policy issued by a life company operating in the UK is a sterling contract. Premiums have to be paid in sterling and the policy money on maturity or on cash-in are paid in sterling in the UK. The regulations governing the operation of life assurance vary so much from one country to another that it is extremely difficult to arrange a transfer of the policy, and the assets that back it.

So what is the emigrant to do? He has three basic choices open to him.

- Keep the policy in force, paying premiums in sterling until maturity or cash-in.
- Stop paying premiums and make the policy "paid-up" until the maturity or cash-in is needed.
- Surrender the policy and arrange fresh life cover in the new country.

Keeping the policy in force can cause problems. The tax relief given on life assurance premiums in the UK is only available to those who have UK income. The emigrant cannot get tax relief if another person resident in the UK pays on his behalf, unless that person is his legal wife. Then there could be problems transferring money in and out of the UK. Exchange controls have been lifted in the UK but the long term position is not guaranteed.

Under the third course of action—which most emigrants are likely to follow—the usual surrender penalties apply. In the early years of the policy, this could involve the investor in actually getting less back than paid in. He can do slightly better by adopting course two, the reduced paid-up benefits still continue to participate in profits or the value of units continues to (hopefully) rise. But there could still be the ultimate problem of getting the proceeds out of the UK.

Finally, the emigrant under option three and to a lesser extent under option two is left without life cover until he reaches his new country and can take out other life policies. To bridge this gap, the Norwich Union is offering its Transfer of Cover Scheme for its policyholders emigrating to one of the countries in which the NU transacts life business.

## The sterling rollercoaster

**INSTITUTIONS**

PETER RIDDELL

THE FIRST anniversary on Thursday of the abolition of exchange controls was marked in a way which would have astounded the advocates of the move a year ago. The pound touched a new seven-year high, over 33 cents (or 15¾ per cent) higher than when the end of controls was announced.

The irony is because a key reason for the removal of controls was to take away one of the props which had been keeping up the sterling exchange rate by limiting outflows of capital from the UK.

In the immediate aftermath of the end of controls sterling did fall to a low of just under \$2.07 but then it started the climb which has lasted ever since. What has happened is that the new freedom to export capital has been overshadowed by the attractions of investing in sterling. High interest rates relative to returns abroad, an improving current account of the balance of payments, Britain's favoured petro-currency status as an oil producer, the massive cash surpluses of the oil-producing states and, not least, the impact of Mrs. Thatcher herself have all combined to boost sterling.

What tends to be overlooked, however, is that there has been a two-way movement. British investors have been moving money abroad at the same time as overseas residents have been moving money into Britain, though the former has been smaller than the latter.

New official figures this week showed the scale of such moves. Between mid-1979, the beginning of the lifting of exchange controls, and the end of June this year British financial institutions bought £1.43bn worth of overseas company securities. Although full figures are not available pension fund investment abroad seems to have been at double the rate of pre-1979.

Indeed, in the year to mid-1980 pension funds and life assurance companies were buying more overseas shares than UK equities. This is partly because of the relative attractions of stock markets in London and overseas but it also clearly reflects a desire to take advantage of the new freedom to adjust the balance of portfolios and increase the overseas percentage. Moreover, recent money supply figures indicate that overseas buying has continued since the end of June, possibly on an even larger scale, as investors have tried to join in the sharp rise in shares prices on Wall Street and in Tokyo.

But such buying of overseas securities is still only a relatively small proportion of the total cash flow of institutions available for investment. In the year to June purchases overseas of company securities accounted for 10¾ per cent of total inflows of nearly £9½bn into pension funds and life assurance companies.

The British Government need not worry. Sales of gilt-edged stocks to finance its borrowing needs still accounted for 41¾ per cent of the inflows, and property took 14½ per cent of the rest.

Buying of overseas securities remains controversial, however. Many on the left argue that it is a diversion of money from needed investment in the UK. Others see no shortage of capital for investment in the UK. They argue that it is desirable to build-up a portfolio of income producing overseas assets to cover against the day when the revenue from North Sea oil begins to decline. And where would sterling now be if exchange controls had not been abolished—its pre-1967 level of \$2.80 or even higher?

## Revenue's powers

THE "KEITH Committee," which appealed publicly for written evidence this week, is likely to be a big talking point in the next few months and should be of considerable interest to all taxpayers. Set up to honour a Tory manifesto pledge, its brief is to investigate the enforcement powers of the Inland Revenue and the Customs and Exise.

Individual cases will not be investigated, though they can be used for illustrative purposes. The address to write to is The Secretary, Room 440, GKN House, 22 Kingsway, London WC2B 6LE. The complete terms of reference will be available with a memorandum of guidance for potential witnesses.

# YOUR SAVINGS AND INVESTMENTS—3

Tim Dickson investigates the interest of gold bugs and investors in a new issue of "proof" coins

# *The Royal Mint has its spies in the market*

NEWLY CONVERTED numismatists—coin collectors by another name—could well be undergoing their first test of faith. Just over 12 months ago ordinary investors, gold bugs, and everyone with a sharp eye for a good deal were attracted by a highly unusual issue of "proof" sovereigns—the first of their kind to be made publicly available since 1937. Announced at a time when gold was reaching for the sky, the new coins were quickly snapped up and those lucky enough to get one were immediately sitting on a tidy profit.

Last week the Royal Mint again caught the headlines, this time with a limited issue of 10,000 four coin sets, containing the gold £5, £2, sovereign and half sovereign coins. Once again, these sets are the first of their kind to be distributed to collectors since the Coronation of George VI, but this time the public's initial response has not been quite so overwhelming. This is partly because there has been less publicity and partly because the gold fever of late 1979 and the first half of this year has to some extent died down. The question, however, remains: are these sets worth buying as an investment?

Putting a value on numismatic coins is a difficult exercise. Unlike ordinary sovereigns, which are minted each year in their millions as a revenue raising exercise, "proof" coins generally bear little relation to the intrinsic value of their metal. Their price is simply a function of supply and demand, i.e. what collectors are prepared to pay for them. This is a point which the Royal Mint clearly appreciates. The new sets, which contain a little over 2 oz of 22 carat gold, are being sold for £1,100, a premium of around 100 per cent on the straightforward melt down value of the coins.

The Royal Mint defends this premium by reference to the manufacturing costs and its own profit margin. The production of "proof" coins involves the use of highly polished dies, carefully selected blanks and "meticulous" quality control. They are, in other words, individually made rather than mass produced. Packaging — the four coin set is supplied in a leather bound presentation case with a descriptive leaflet is a further cost. The Royal Mint, however, does not disclose the breakdown between costs and profit "because we are in competition with Mints in other countries."

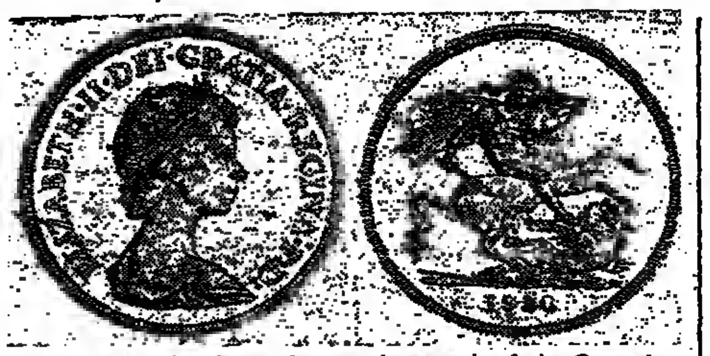
The Royal Mint obviously has its spies in the market place so it is no surprise that most dealers are of the opinion that the new sets will be taken up. According to Mr. Stephen Mitchell at coin dealers B. A. Seaby, the limited issue of 10,000 is not large and he is therefore advising clients to buy them. "I am confident that they will initially go to a premium over the offer price," he says. Mr. Mitchell cites one of the few reference points for evaluating this type of offer, namely the 1937 set. Some 5,500 of these were issued at just over £20 each and today are worth roughly £2,500.

Mr. Mitchell, however, strikes a cautionary note. If the Royal Mint decides to repeat the performance next year, he says, the price of the 1980 sets is likely to be immediately affected.

This concern is shared by Mr. Michael Millward, of West End coin dealers Stewart Ward. Mr. Millward gives as an example the Royal Mint's decision to cash in on last year's success with the 1979 "proof" sovereign by issuing an even bigger number of 1980 coins. The 1979 "proof" coin, which was issued at £75 at one stage went up to £140 but it is now back to about £110. The 1980 version certainly depressed the price, says Mr. Millward.

The 1980 "proof" sovereign, in fact, has not been an unqualified success. Of the 100,000 which were issued earlier this year, 10,000 were held back for the four coin sets. Another 36,000 were earmarked for the Royal Mint's extensive overseas markets, for which no detailed returns are yet available. But of the 54,000 set aside for the UK only 51,000 have so far been taken up by investors. This is a rather different story from the jammed switchboards and hordes of disappointed applicants for last year's coin.

The Royal Mint last week also announced a limited issue (100,000) of 1980 dated proof half sovereigns at £65 each. Initially there will be a limit of two half sovereigns and one four-coin gold set per application which will be restricted to previous buyers of coins from the Royal Mint's Numismatic Bureau. Applications will be dealt with on a first come, first served basis, and any surplus will be available to other applicants in order of receipt of applications. Further details can be obtained from the Royal Mint Numismatic Bureau, P.O. Box 6, Llantrisant, Mid Glamorgan CF7 8YT.



*The £5 coin: The obverse features the portrait of the Queen by Arnold Machin R.A. The design on the reverse depicts Benedetto Pistrucci's portrayal of St. George slaying the dragon.*

## *A bumpy ride*

BUILDING SOCIETIES are having a bumper time but borrowers may have to continue on a bumpy ride. New money is flowing into societies at a terrific rate—October looks like being one of the best months ever for net receipts—and yet there is still little, if any chance of a cut in the cost of mortgages before next year.

Estimates from the Building Societies Association (BSA), which monitors the 12 biggest societies on a weekly basis, suggest that the net intake this month could be well over £500m, a figure only once exceeded in the last three years. This would compare with a total of £443m recorded in September, itself a good result.

The unknown quantity, of course, is the Government's new "granny" bond and society managers as a result are tightening their belts in anticipation of a £500m-£700m outflow. This, of course, would be a "once only" loss but since the Treasury is looking for a cool £1.5bn from the bonds, the BSA will wait to see their impact before making a move on the mortgage front.

A further worry is the composite tax rate which building societies pay to the Government on behalf of their depositors. The composite tax rate is supposed to reflect the tax position of all the movement's customers and therefore takes into account those who do not pay any. Currently 22½ per cent, the rate is expected to rise to 25½ per cent next year, reflecting the smaller number of nil taxpayers in building society ranks. This will eat into societies' margins, which are already being hit by rising management costs, and make their decision about the mortgage rate that much more difficult.

A two point cut in Minimum Lending Rate is considered necessary before the BSA will act. But even if the Government does its bit by November 14, the date of the BSA's next council meeting, it seems unlikely that the societies will follow suit.

The popular guess is a 14 per cent, or perhaps 13½ per cent mortgage rate (implying a 9 or 8¾ per cent ordinary deposit rate) at the beginning of January. Crumbs of comfort perhaps, but it's a far cry from the comparatively cheap 11¾ per cent which existing borrowers were paying up to the beginning of this year.

T.D.

The Association of Investment Trust Companies

# THE INVESTMENT TRUST TABLE

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

as at close of business on Monday 20th October 1980 — Geographical Spread at 30th September 1980

| Total Assets less Current Liabilities (1) £ million | Company (2) | Share Price (3) pence | Yield (4) % | Net Asset Value (5) pence | UK (6) % | Nth. Amer. (7) % | Japan (8) % | Other (9) % | Total Return on N.A.V. over 5 years to 30.9.80 (10) base = 100 |
|---|---|---|---|---|---|---|---|---|---|
| | **VALUATION MONTHLY** | | | | | | | | |
| 179 | Alliance Trust | 249 | 5.5s | 341 | 65 | 26 | 4 | 6 | 179 |
| † | British Invest. Trust | 175 | 5.7s | † | † | † | † | † | † |
| 16 | Grange Trust | 113 | 4.2 | 147 | 73 | 21 | 1 | 5 | 213 |
| 85 | Great Northern Invest. Trust | 131 | 6.5s | 172 | 78 | 10 | 2 | 10 | 197 |
| 95 | Investors Capital Trust | 103 | 4.2s | 139 | 48 | 34 | 7 | 11 | 185 |
| 15 | Jardine Japan Invest. Trust | 133 | 1.3s | 126 | 7 | — | 81 | 12 | 115 |
| 24 | River Plate & General Invest. Trust | 241 | 5.6 | 299 | 77 | 5 | — | 18 | 241 |
| 14 | xSave & Prosper Linked Invest. Trust | 100 | — | 182 | 100 | — | — | — | 188 |
| 164 | Scottish Invest. Trust | 128 | 4.8 | 172 | 53 | 31 | 4 | 12 | 193 |
| 76 | Scottish Northern Invest. Trust | 107 | 4.2 | 133 | 69 | 26 | 1 | 4 | 245 |
| 134 | Scottish United Investors | 87 | 3.8 | 107 | 38 | 36 | 7 | 19 | 207 |
| 60 | Second Alliance Trust | 215 | 5.7s | 296 | 65 | 26 | 4 | 5 | 181 |
| 4 | Shires Investment Co. | 145 | 10.8 | 156 | 100 | — | — | — | 200 |
| 100 | United States Debenture Corpn. | 110 | 6.2 | 142 | 72 | 28 | — | — | † |
| | Baillie Gifford & Co. | | | | | | | | |
| 144 | Scottish Mortgage & Trust | 144 | 5.2 | 189 | 47 | 36 | 8 | 9 | 185 |
| 72 | Monks Invest. Trust | 69 | 4.7s | 87 | 46 | 36 | 7 | 11 | 189 |
| 19 | Winterbottom Trust | 278 | 4.5 | 376 | 44 | 38 | 8 | 10 | 206 |
| | Baring Bros & Co. Ltd. | | | | | | | | |
| † | Outwich Invest. Trust | 68 | 5.6 | † | † | † | † | † | † |
| 33 | Tribune Invest. Trust | 93 | 3.4s | 123 | 48 | 23 | 7 | 22 | 180 |
| | East of Scotland Invest. Managers | | | | | | | | |
| † | Aberdeen Trust | 124 | 6.1 | † | † | † | † | † | † |
| | Edinburgh Fund Managers Ltd. | | | | | | | | |
| 77 | American Trust | 64 | *4.4 | 83 | 62 | 35 | 2 | 1 | 221 |
| 14 | Crescent Japan Invest. Trust | 224 | 1.6 | 212 | — | — | 100 | — | 201 |
| 16 | General Scottish Trust | 59 | 6.1 | 75 | 71 | 19 | 6 | 4 | 225 |
| 11 | Wemyss Invest. Co. | 365 | 6.7 | 470 | 74 | 13 | 1 | 12 | 189 |
| | Electra Group Services | | | | | | | | |
| 93 | Electra Invest. Trust | 50ac | 6.7s | 60ac | 67 | 20 | — | 13 | 195 |
| 329 | Globe Invest. Trust | 146 | 7.1s | 183 | 70 | 16 | 1 | 13 | 205 |
| 42 | Temple Bar Invest. Trust | 121 | 5.9s | 143 | 92 | 5 | — | 3 | 193 |
| | F & C Group | | | | | | | | |
| 31 | Alliance Invest. Co. | 163 | 4.1s | 211 | 60 | 12 | 12 | 16 | 230 |
| 31 | Cardinal Invest. Trust | 144 | 4.2s | 166 | 62 | 12 | 3 | 23 | 240 |
| 6 | F & C Eurotrust | 56 | 2.7 | 67 | 25 | 2 | — | 73 | 127 |
| 254 | Foreign & Colonial Invest. Trust | 120 | 3.8 | 161 | 59 | 21 | 10 | 10 | 215 |
| 40 | General Investors & Trustees | 174 | 4.9 | 232 | 58 | 13 | 2 | 27 | 237 |
| | GT Management Ltd. | | | | | | | | |
| 28 | Berry Trust | 135 | 1.3 | 149 | 31 | 22 | 18 | 29 | † |
| 1 | xChild Health Research Invest. Trust | 124 | — | 131 | 22 | 21 | 21 | 36 | † |
| 18 | GT Japan Invest. Trust | 244 | 2.3 | 223 | 8 | 5 | 72 | 15 | 238 |
| 11 | Northern Securities Trust | 201 | 3.1 | 280 | 40 | 21 | 11 | 28 | 279 |
| | Gartmore Invest. Ltd. | | | | | | | | |
| 9 | xAltifund Ltd. | 304 | 0.3 | 437 | 92 | 3 | — | 5 | 256 |
| 32 | Anglo-Scottish Invest. Trust | 64 | 4.9s | 87 | 62 | 24 | 1 | 13 | 209 |
| 39 | English & Scottish Investors | 68 | *3.6 | 88 | 55 | 18 | 2 | 25 | 251 |
| 10 | Group Investors | 97 | 4.1 | 129 | □57 | 27 | 4 | 12 | 286 |
| 7 | London & Gartmore Invest. Trust | 108 | 1.3 | 140 | 46 | 19 | 2 | 33 | 205 |
| 13 | London & Lennox Invest. Trust | 45 | 5.2 | 62 | □57 | 22 | — | 21 | 213 |
| 28 | London & Lomond Invest. Trust | 96 | 5.4s | 133 | 74 | 21 | — | 5 | 221 |
| 16 | London & Strathclyde Trust | 70 | 4.2 | 91 | 61 | 21 | — | 18 | 218 |
| 18 | Meldrum Invest. Trust | 71 | 6.0s | 92 | 96 | — | — | 4 | 259 |
| | Gartmore Invest. (Scotland) Ltd. | | | | | | | | |
| 97 | Scottish National Trust | 211 | 3.4 | 263 | 61 | 21 | 3 | 15 | 206 |
| 25 | Glasgow Stockholders Trust | 151 | 3.8s | 205 | 57 | 25 | — | 18 | 212 |
| | John Govett & Co. Ltd. | | | | | | | | |
| 110 | Border & Southern Stckhldrs. Trust | 78 | 4.2s | 107 | 59 | 20 | 10 | 11 | 205 |
| 17 | General Stckhldrs. Invest. Trust | 164 | 2.7s | 227 | 53 | 34 | 5 | 6 | 228 |
| 62 | Lake View Invest. Trust | 134 | 3.8s | 173 | 58 | 19 | 8 | 15 | 210 |
| 84 | Stockholders Invest. Trust | 134 | 3.4s | 179 | 44 | 44 | 6 | 6 | 207 |
| | Hambro Group | | | | | | | | |
| 31 | Bishopsgate Trust | 259 | 5.1 | 386 | 70 | 22 | 1 | 7 | 239 |
| 6 | City of Oxford Invest. Trust | 105 | 7.4s | 131 | 100 | — | — | — | 266 |
| 63 | Hambros Invest. Trust | 155 | 4.6s | 217 | □67 | 28 | — | 5 | 248 |
| 7 | xRosedimond Invest. Trust | 129 | — | 168 | 99 | — | — | 1 | 293 |
| | Henderson Administration Ltd. | | | | | | | | |
| 152 | Witan Investment Co. | 124 | 4.0 | 170 | 57 | 25 | 14 | 4 | 200 |
| 27 | Electric & General Invest. Co. | 105 | 3.1 | 144 | 53 | 31 | 7 | 9 | 187 |
| 8 | Greenfriar Invest. Co. | 135 | 2.1 | 186 | 46 | 23 | 9 | 22 | 241 |
| 8 | Lowland Invest. Co. | 75 | 7.1 | 92 | 90 | 1 | 1 | 8 | 280 |
| | Philip Hill (Management) Ltd. | | | | | | | | |
| 13 | General & Commercial Invest. Trust | 184 | 7.2s | 239 | 76 | 19 | — | 5 | 216 |
| 29 | General Consolidated Invest. Trust | 117 | 7.1s | 147 | 78 | 16 | — | 4 | 228 |
| 158 | Philip Hill Invest. Trust | 120 | 6.6s | 154 | 81 | 15 | — | 4 | 216 |
| 7 | Moorgate Invest. Co. | 160 | 5.7 | 149 | 91 | 6 | — | 3 | 286 |
| 42 | Nineteen Twenty-Eight Invest. Trust | 82 | 6.7s | 109 | 72 | 24 | 1 | 3 | 183 |
| | Industrial & Commercial Fin. Corpn. | | | | | | | | |
| 18 | London Atlantic Invest. Trust | 95 | 6.8 | 112 | 82 | 10 | — | 8 | † |
| 8 | North British Canadian Invest. Co. | 120 | 5.4 | 116 | 98 | 2 | — | — | † |
| | Investment Trust Services Ltd. | | | | | | | | |
| 34 | Capital & National Trust | 157 | *6.1 | 217 | 71 | 15 | 4 | 10 | 210 |
| 15 | Claverhouse Invest. Trust | 122 | 7.0 | 155 | 99 | 1 | — | — | 275 |
| 15 | Crossfriars Trust | 123 | 6.6s | 150 | 100 | — | — | — | 253 |
| 75 | Guardian Invest. Trust | 105 | 5.3s | 144 | 82 | 9 | 4 | 5 | 196 |
| 43 | London & Holyrood Trust | 144 | 5.5 | 197 | 68 | 18 | 4 | 10 | 199 |
| 32 | London & Montrose Invest. Trust | 239 | 5.3s | 325 | 63 | 22 | 5 | 10 | 200 |
| 58 | London & Provincial Trust | 134 | 5.5 | 185 | 62 | 23 | 4 | 11 | 195 |
| 126 | Mercantile Invest. Trust | 58 | 6.2 | 79 | 59 | 24 | 5 | 12 | 219 |
| 48 | Sterling Trust | 205 | 6.0s | 282 | 73 | 20 | 4 | 3 | 187 |
| 35 | Technology Invest. Trust | 133 | 4.4s | 175 | 66 | 28 | 4 | 2 | 198 |
| 93 | United British Securities Trust | 154 | 6.5 | 210 | 66 | 19 | 4 | 11 | 199 |
| 27 | United States & General Trust | 247 | 5.6s | 333 | 74 | 17 | 2 | 7 | 194 |
| | Ivory & Sime Ltd. | | | | | | | | |
| 85 | Atlantic Assets Trust | 249 | 0.6 | 266 | □50 | 46 | — | 4 | 562 |
| † | British Assets Trust | 100 | 5.1s | † | † | † | † | † | † |
| 51 | Edinburgh American Assets Trust | 83 | 1.2 | 102 | 25 | 62 | 3 | 10 | 267 |
| † | Viking Resources Trust | 158 | 0.7s | † | † | † | † | † | † |
| | Keyser Ullman Ltd. | | | | | | | | |
| 12 | xThrogmorton Secured Growth Trust | 118 | — | 188 | 100 | — | — | — | 230 |
| 55 | Throgmorton Trust | 99 | 6.0 | 124 | 99 | — | — | 1 | 306 |
| | Kleinwort Benson Ltd. | | | | | | | | |
| 33 | British American & General Trust | 49 | 6.5 | 65 | 68 | 22 | 4 | 6 | † |
| 31 | Brunner Invest. Trust | 69 | 5.4 | 93 | 56 | 23 | 6 | 10 | 242 |
| 40 | Charter Trust & Agency | 72 | 5.6s | 96 | 67 | 21 | 5 | 7 | 205 |
| 50 | English & New York Trust | 92 | 6.2s | 123 | 66 | 25 | 3 | 6 | † |
| 5 | Family Invest. Trust | 108 | 7.9 | 123 | 92 | — | — | 8 | † |
| 4 | Jos Holdings | 67 | 6.9s | 82 | 74 | 10 | 3 | 13 | † |
| 8 | London Prudential Invest. Trust | 104 | 6.2 | 134 | 74 | 16 | 4 | 6 | † |
| 66 | Merchants Trust | 94 | 6.1 | 125 | 60 | 28 | 5 | 7 | † |
| | Lazard Bros & Co. Ltd. | | | | | | | | |
| 58 | Raeburn Invest. Trust | 147 | 5.8s | 209 | 64 | 26 | 3 | 7 | 169 |
| 47 | Romney Trust | 110 | 5.2s | 154 | 57 | 33 | 3 | 7 | 183 |
| | Martin Currie & Co. CA | | | | | | | | |
| 18 | Canadian & Foreign Invest. Trust | 136 | 5.4 | 189 | 69 | 27 | 2 | 2 | 187 |
| 23 | St. Andrew Trust | 145 | 5.9s | 196 | 68 | 23 | 4 | 5 | 187 |
| 116 | Scottish Eastern Invest. Trust | 78 | 5.9 | 105 | 61 | 33 | 3 | 3 | 185 |
| 28 | Scottish Ontario Invest. Co. | 75 | 6.0 | 99 | 58 | 33 | 5 | 4 | 171 |
| 65 | Securities Trust of Scotland | 106 | 6.5 | 147 | 64 | 27 | 6 | 3 | 186 |
| | Murray Johnstone Ltd. | | | | | | | | |
| 58 | Murray Caledonian Invest. Trust | 68 | *4.9 | 90 | 50 | 31 | 8 | 11 | 198 |
| 86 | Murray Clydesdale Invest. Trust | 61 | *3.4 | 83 | 48 | 33 | 8 | 11 | 192 |
| 22 | Murray Glendevon Invest. Trust | 121 | *3.1 | 165 | 55 | 24 | 9 | 12 | 206 |
| 8 | Murray Minor Invest. Trust | 110 | *3.1 | 129 | 51 | 31 | 8 | 10 | 211 |
| 29 | Murray Northern Invest. Trust | 72 | *3.5 | 97 | 42 | 33 | 13 | 12 | 193 |
| 94 | Murray Western Invest. Trust | 76 | *3.9 | 105 | 50 | 32 | 8 | 10 | 191 |
| | Rivermoor Management Ltd. | | | | | | | | |
| 124 | London Trust | 82 | 5.3 | 101 | 61 | 17 | — | 22 | 255 |
| 19 | Moorside Trust | 138 | 6.6 | 174 | 53 | 32 | — | 15 | 212 |
| 40 | River and Mercantile Trust | 250 | 7.4s | 328 | 80 | 1 | — | 19 | 214 |
| | J Henry Schroder Wagg Group | | | | | | | | |
| 27 | Ashdown Invest. Trust | 172 | 4.8s | 245 | 54 | 36 | 6 | 5 | 196 |
| 9 | Australian & International Trust | 120 | 4.8 | 162 | 26 | 9 | 6 | 59 | 153 |
| 37 | Broadstone Invest. Trust | 192 | 4.9s | 265 | 52 | 36 | 5 | 7 | 200 |
| 65 | Continental & Industrial Trust | 275 | 5.5s | 363 | 50 | 37 | — | 3 | 202 |
| 37 | Trans-Oceanic Trust | 220 | 4.4s | 304 | 40 | 43 | 7 | 10 | 198 |
| | Stewart Fund Managers Ltd. | | | | | | | | |
| 104 | Scottish American Invest. Co. | 134 | 4.0 | 162 | 56 | 33 | 2 | 9 | 261 |
| 10 | Scottish European Invest. Co. | 42 | 5.6 | 52 | 31 | — | — | 69 | 127 |
| | Touche Remnant & Co. | | | | | | | | |
| 131 | Atlas Electric & General Trust | 86 | 5.0 | 114 | 71 | 13 | 3 | 13 | 230 |
| 40 | Bankers' Invest. Trust | 74 | 6.8s | 102 | 77 | 14 | 3 | 6 | 195 |
| 20 | CLRP Invest. Trust | 91 | 5.5 | 129 | 66 | 11 | 2 | 21 | 189 |
| 39 | Cedar Invest. Trust | 89 | 6.4 | 116 | 71 | 11 | 4 | 14 | 197 |
| 53 | City of London Brewery & Inv. Trust | 82 | 7.7 | 107 | 94 | 2 | — | 4 | 212 |
| 38 | Continental Union Trust | 152 | 5.6 | 204 | 68 | 16 | 2 | 14 | 194 |
| 239 | Industrial & General Trust | 83 | 4.7 | 104 | 70 | 14 | 2 | 14 | 224 |
| 48 | International Invest. Trust | 97 | 5.8 | 130 | 79 | 12 | 6 | 3 | 192 |
| 55 | Sphere Invest. Trust | 148 | 5.5 | 201 | 69 | 18 | 3 | 10 | 197 |
| 47 | Trust Union | 79 | 5.4 | 101 | 71 | 17 | 1 | 11 | 207 |
| 89 | Trustees Corporation | 75 | 5.2 | 94 | 74 | 9 | 1 | 16 | 226 |
| | Williams & Glyn's Bank Ltd. | | | | | | | | |
| 10 | Sizewell European Invest. Trust | 78 | 4.4 | 102 | □34 | 11 | — | 56 | 138 |
| 2 | Atlanta Baltimore & Chicago | 60 | 2.0 | 76 | □18 | 82 | — | — | 171 |
| 3 | West Coast & Texas Regional | 73 | 2.4 | 98 | □16 | 85 | — | — | 174 |
| | **VALUATION THREE-MONTHLY** | | | | | | | | |
| 101 | Anglo-American Securities Corp. | 123 | 5.0s | 170 | 68 | 20 | 4 | 8 | † |
| 18 | Dundee & London Invest. Trust | 78 | 6.0s | 105 | 79 | 18 | 4 | 4 | 200 |
| 48 | First Scottish American Trust | 108 | 6.7 | 145 | 66 | 24 | 9 | 1 | 183 |
| 4 | Lancashire & London Invest. Trust | 70 | 4.5 | 90 | 87 | 9 | — | 4 | † |
| † | North Atlantic Securities Corp. | 112 | 4.8 | † | † | † | † | † | † |
| 58 | Northern American Trust Co. | 116 | 5.2 | 159 | 63 | 26 | 9 | 2 | 187 |
| 13 | Oil & Associated Invest. Trust | 109 | 3.8s | 123 | 65 | 28 | — | 7 | 233 |
| 193 | RIT Ltd. | 366 | 4.6 | 454 | 77 | 6 | — | 17 | 230 |
| 14 | Safeguard Industrial Investments | 101 | 7.1 | 123 | 100 | — | — | — | 234 |
| 12 | Scottish Cities Invest. Trust | 225 | 6.4 | 341 | 85 | 5 | — | 10 | † |
| 21 | Yeoman Invest. Trust | 244 | 7.3s | 322 | 81 | 10 | 1 | 8 | 224 |
| 9 | Young Companies Invest. Trust | 120 | 6.9 | 139 | 92 | — | 1 | 7 | 287 |

### NOTES TO THE TABLE

† No data.
x Split capital trust (capital shares).
* Applies to Ordinary/"A" Ordinary only.
s Does not include special dividend.
□ More than one quarter in non-equity investments.
ac Adjusted for scrip issues.
c Not approved for capital gains tax purposes.
ǂ Figures not provided in view of announced discussions or recent developments affecting the company.

(a) Cols. 1, 3 to 5 — Figures supplied by Wood Mackenzie & Co., members of The Stock Exchange. Col. 1 to nearest £1m; Cols. 3 & 5 to nearest penny per share.

(b) Cols. 1, 6 — Statistics simulated to date shown based on latest valuations supplied by the companies and made available to The Stock Exchange. In these valuations listed securities are valued at mid-market prices and unlisted at directors' valuation. All revenue account items are excluded.

(c) Col. 4 — Based on last declared dividend or firm forecast, plus tax credit, to nearest 0.1 per cent.

(d) Cols. 6 to 9 — Percentages of total assets less current liabilities. Currency balances are allocated to the relevant geographical sector.

(e) Cols. 5, 10 — Prior charges and preference share capital deducted at market value; convertible stocks deemed to be converted; warrants treated as not exercised.

(f) Col. 10 — Figures supplied by AITC Statistics Service, to nearest one per cent. A full description of the information shown in this column is given in the Investment Trust Year Book. In summary, the figures show the percentage changes in the net asset values over the period assuming that dividends paid, excluding tax credit, were reinvested in the underlying assets of the company.

### INDICES OF FIVE YEAR TOTAL RETURN

| | |
|---|---|
| General Trust Average | 214 |
| F.T.—Actuaries All Share | 246 |
| *Standard & Poors Composite | 96 |
| *Capital International World | 104 |

*Adjusted for exchange rate changes.

### EXPLANATORY NOTES

**Use of total return statistics and care in interpretation**

The total return statistic, which adjusts the net asset values for dividends, excluding tax credit, distributed during the period, enables companies with substantially different capital growth and dividend policies to be more fairly compared. A period of five years provides a good indication of trends and, in normal circumstances, should cover a traditional bull and bear market in the major world stock markets.

Each total return figure is indexed from a base of 100 at the commencement of the period and records the movements between two particular dates. Any particular total return figure may thus be affected by exceptional factors, operative at either the base date or at the final date, which were influencing the stock market generally or a sector of the market in which the company was interested. The geographical distribution of a particular company's portfolio should be considered in assessing its relative performance.

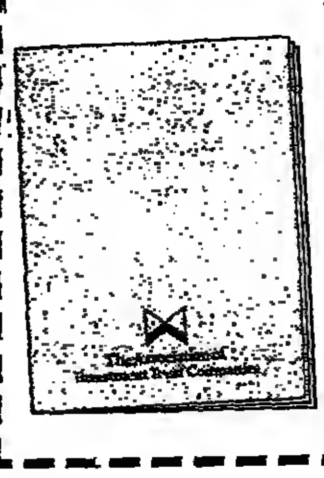
While the total return statistic, if used with care, provides a valuable guide to past experience which can assist comparison of one company with another, or the trust movement with other investment media, it should always be borne in mind that past performance is not necessarily a guide to future achievement.

*The total return statistic for split capital trusts is not directly comparable with that for other companies because of the difference in capital structure. The split capital trusts have therefore been identified in the Table and are not included in the General Trust Average index figure.*

**Calculation of NAV**

In order to avoid a plethora of figures and to facilitate comparability, the statistics of net asset value have been calculated on a uniform basis which may, in the case of a particular company, differ from the corresponding figures in its Annual Report and Accounts.

The net asset value is calculated on the "going concern" basis, ie with prior charges deducted at market value, as it is believed that this basis is the most widely accepted for comparative purposes.



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# HOW TO SPEND IT

by Lucia van der Post

## Facing up to the world

IF YOU'VE ever thought that make-up was a much over-rated commodity and that true beauties were born and not made then take a look at the before and after photographs on the right. The difference, even in black and white, is startling but in full-colour it is dramatic.

Model Paulene Stone, a much-admired beauty, has bravely allowed herself to be photographed without a speck of make-up and before her formidable know-how has been applied to face, hair and clothes. As Joan Price points out in **Making Faces*, the book she and photographer Pat Booth have produced together, "*She knows her good and less good* points and how make-up helps to deal with them." Paulene believes that blusher is her most important beauty accessory — "Blusher gives me the colour I need in my face. I find powder blushers easiest to apply and I use one called Brick by Estee Lauder." Boots' pencils play an important part in Paulene's make-up, to emphasise her eyes. "On the whole my skin is very well-behaved, *in fact for years it did nicely on a* mixture of baby lotion and Scherk Tonic Cleanser. Now I treat it with more care and I alternate between Elizabeth Arden's Visible Difference and Vichy's Equalia, to prevent it from feeling dry."

IT'S NOT often that books about hoauty really tempt mo. After all, I feel I've heen told most of it so many times before. Books on the subject tend to fall into two categories—there are thoae that deal in fundamentals, things like thinking beautiful thoughts, eating lots of fruit and vegetables and taking so much fresh air and exercise that I begin to wonder how to fit in a little living on the side. Then thera are the hooks that doal in what for want of a better phrase I might call "lotions and potions" beauty, which often become so boggod down in tho mixtures and artifice that ono is almost inclined to give it all a miss.

Jnan Prico and Pat Booth have managed to prodnce a beauty book that *is quite*, quite different. While decidedly doaling with tho lotions and potions side, with the magic and the artifice and the dream wo all have that tranaformation lies around the corner, it nonetholess manages to make everything seem so within our reach, so infinitely desirable a goal that we might actually do something about it—and that to my mind ia the essential quality of a good beauty book.

I like Joan Price's approach. She makes no long apologia for make-up. Sho believes, and I'm with hor all tho way, that "*It* has always seemed quite natural to me that every woman should want to look her best. I have never been one to *believe* that in the next world I shall do penance for every lipstick I have ever bought." To ber make-up is a bit like cooking. "The more you know, the better yon get at doing it, the more interested yon hecome. Tho greatest onomy to making-up ia tho attitude of mind which says what I cannot do well, I am hetter not doing at all." But, as sho goes on to show there is no reason in tho world why all of us shouldn't succeed in loarning how to use make-up well—and this doesn't mean ending up looking liko Jezehol. "*Make-up today,*" *she says,* "*is* abont making the hest of your good features and hiding the had, hut the final effect must look natural."

*The natural look, of course,* takes at least five more products than tho well-made-up face of 10 or 15 years ago, and owes more to skill than to money.

Joan Price was not tho first to porceive that tho ways in which most cosmetics are sold (that is hy a consultant who is only interested in selling products from the beauty house she represents) was a very inhibiting factor for many women, hut she was the first to do something about it whon she openod her now-famous *Face Placo in Chelsoa Green.* In the hook she hreaks through just as many establishod traditions as sho did when the Face Place started giving make-up treatmonts and advice hasod on selocting products from a wido range of houses, depending upon which suitod tho individual's skin and colouring.

*In this hook she warns against* ehoosing make-up products hy price. "Many womon lack confidence in their ability to soloct the right make-up is frequently reflectod in thoir purchase of high-price cosmetics."

Sho guidos tho readar through tho rango of choices availahlo to her and she has plenty of tips that tho diligent roader will cherish for life like: "Always put mascara on bottom lashes first, othorwise if you start with tho top lashes and then open your eyes wide before the mascara dries, you will get littlo hlack smudges on *the hrow-bone.*"

In short, it's a book that really will help you huy better make-up, make better use of it and look better at the end of it all. She knows we all have a *million* and one other things to do and want to look as good as we can hefore getting on with life and so everything she says soems sensihlo, honest and likely to work. You can't ask for more.

**£9.50, published by Michael* Joseph.

## Cover in the kitchen

LIKE all the really simple useful things in life one wonders why nobody thought of inventing "chaps" sooner. Chaps, *in* case you're wondering are aprons for wearing over trousers—be they for men or women. I'm not sure that my husband's eye would light up upon perceiving them in his Christmas stocking but they would certainly come in handy for me. As one who has ruined many a good pair of evening trousers when wrestling with the soup or the sauce just as the guests are about to arrive, it seems the obvious essential accessory for every kitchen.

Chaps are also fun. They are made from sky-blue brushed denim which is washable, *tough* and durable but, for fun, they are trimmed with red or blue patchwork. The backs of the parts designed to protect the legs have a holding strap which you either step into or, less usefully, ignore and let flap. Chaps may be fun but they certainly aren't cheap. They're £10.93 (plus £2.50 p+p) from the *Glyn Cotton* Company, 10 Redburn Street, London, SW3.

## Bags of rugs

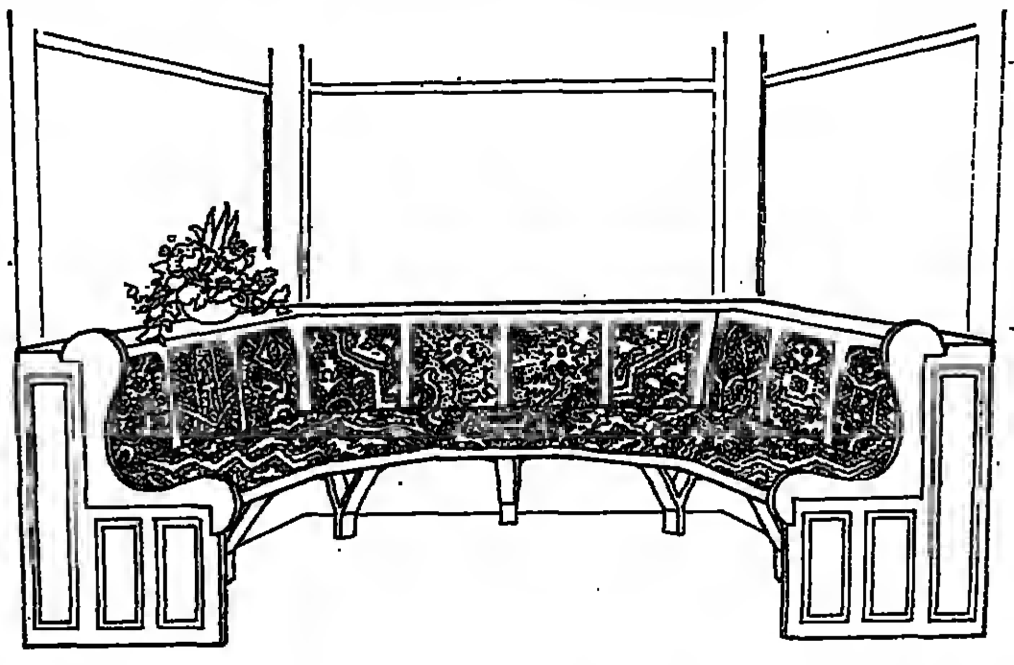
THERE MUST he many a hnnse that has tho odd damaged rug lying ahout the place hut not many of us think of anything ingenious to do with it. Robert Cotton has always loved old Persian rugs and besides hnying and collecting them he felt that some use should be made of the often lovely portions to he found in rugs damaged heyond repair. Ho haonts the main London auction houses (Christie's, Phillips, Sotheby's) waiting to pounce on a beautiful old, hand-knotted rug from Shiraz, Meshed, Baluchistan that cannot he repaired. He then uses the undamaged sections in various ways.

Firstly, he has devised a series of handbags of many shapes and sizes. All of them are, of course, unique in that each is made from an individual piece of rug. Colours and patterns vary enormously hut the great virtue of most of the bags is that they look good with almost any colour scheme as the carpets themselves combine so many colours. All are lined with cloth and either black or brown leather is used for straps and hindings.

Anybody who is to he seen carrying as many things in their handbag as I do (filled as likely as not with notebook, pens, address books, credit cards, cheque hooks and all the other paraphernalia one now seems to need to cross safely from one end of London to the other) will see at once *the advantage* of his large size bags.

The largest bags of all are 14 ins hy 13 ins and have a pocket measuring some 8 ins by 6 ins in the lining. Tho shoulder straps are there to make for easy carrying. Then there are flap bags which can be used either as a shoulder bag or a handbag. There are pouch bags and clutch bags and a rather charming selection of spectacle cases.

Robert Cotton doesn't a bit mind people calling in to choose a bag personally provided they telephone first—his number is 01-794 4628 but for readers who prefer to deal by post he has produced a leaflet illustrating the sort of bags he does, listing the sizes and prices and he offers a choice of colourings (you choose between bright/restrained colouring and black or brown leather binding and straps). And obviously if you don't like the colouring he sends, you can return it and be more specific about what you would like. Prices start at £6.50 for the spectacle cases, clutch bags are £14.50, burly bags and pouch bags are £31.50, while the flap bags are £29.50.



Anne Morrow

Sketched above is another of Robert Cotton's imaginative ideas showing how to use damaged portions of rugs—he has, on several occasions, used them to provide *seating* for bay windows (like here).

Anybody wanting such a scheme should contact Robert Cotton directly—he will come to the house, discuss possibilities and colour schemes and then search the auction houses until he finds just the right rug. He does all the work himself and the finished effect *in colour is, I assure you, rich* and very unusual. He has also used portions of rugs to make up large cushions.

Finally, anybody with rugs whether damaged or undamaged to sell should also contact Robert Cotton—he will always come and look at them and if they are suitable for his work he will buy them.

## Postscript

READERS who have sensitive eyes but nonetheless don't feel ready to face the world without eye make-up might like to know that there is now a special range of eye products for people who are either prone to allergies or who wear contact lenses. The range is called Optique and includes not only waterproof mascara and a *light*, allergy-tested, perfume-free eye make-up remover but also a lovely range of cream eye shadows and eye crayons.

I have eyes that play-up with a great number of eye products and my daughter wears contact lenses so we've been trying the Optique range over the past few weeks and we've both found that we could *use* them *with* no after-effects at all. The eye-shadows number seven and take in the popular colours—rose, olive, azure, viola, chocolate, quicksilver and apricot and cost only £1.45 each. Mascara comes in ebony, mahogany and navy and costs £1.45, while the eye crayons are either dark hrown or dark grey and cost £1.45 each. *There's also a special eye-care* moisturiser at £1.65 and the eye make-up remover is £1.75. Anybody who has thought they couldn't wear eye make-up should give the Optique range a try.

Find the range all over the country in opticians, selected chemists and department stores, including Harrods Optical Department and Selfridges in London; *Kemps of 74 Croft* street, Manchester; P. J. Millican of 26 St. Mary's Place, Newcastle; and Skinners of Barnton, Edinburgh.

•

Any freezer owner knows well the frustration of trying to transfer vital details, like the contents and reheating instructions, onto a shiny label or polythene surface—almost impossible to do with an ordinary pen. Thorpac the manufacturers of a whole series of freezer accessories, has produced a pen which is spirit-based, doesn't smudge and can be used to write on almost any surface including metal, glass and polythene. In red or black it is 41p from most freezer centres.

# PROPERTY

## The southern tip of Spain

BY JUNE FIELD

IN THE Spanish hills beyond Jimena in the Ronda Sierras this week, they had been gathering the broom to be sent to France to be made into briar pipes. Transporting it to a loading point was one of several jobs done by the *coredor*, village middleman whose main function is to put his agents in touch with those who want to sell their land or property.

I was in the unspoilt tip of Southern Spain, near Gibraltar, where the eternally recurring comment about how *good* an investment everything will be when the border re-opens, appears at last to be taking on some substance. The customs post at La Linea is being re-built, and on the other side car parks are under construction to accommodate the expected influx of tourists.

Selling *campo* style living close to the earth is the latest project of ex-Fleet Street journalist, Mr. Frank Woods, and his wife Elizabeth, who started Fincasol Chullera Properties a couple of years ago on the Costa del Sol. This enterprising couple have just built their own £90,000 country house in the hills with sweeping views across to the Rock and Africa, and are finding that there is a considerable market for small farms that can be satisfactorily run with a small amount of local help.

"The major interest is from both young and semi-retired British people who have sold their own companies in England, and who want to come and live most of the time in Spain and still have something with which to occupy themselves." The couple is aiming to reach the ex-patriate market, too.

With its sunny climate, artesian wells, and three rivers including the important Guadiario, plus successful irrigation systems built by the Moors some 700 years ago, this area is *good farming* terrain. You can take your pick from a three-acre *finca* (farm), with 25 orange trees, walnut and fig, as well as a crop of melons, cucumbers and potatoes, £13,000, which includes a tiny rustic cottage for renovation; an eight-acre holding growing almonds, apricots, avocados, peach, pomegranate and mulberries, plus a restored farmhouse, £32,000, and for £18,000 (negotiable), a run-down 18th century house and bodega with nine cellars.

Or you can have a whole cork mountain with 1,000 acres of mature trees overlooking orange groves and vine valleys towards the sea, for around £1m: this includes a herd of *500 brown* Andalucian pigs, the breed used to provide *the famous jamon serrano*, mountain smoked ham.

*This is also the area of* Jimena, Gaucin and Castellar, *The White Villages*, so called because each year the old dwellings are lime-washed, both as a cosmetic and antiseptic operation for places that usually house humans and livestock. The old village houses and cottages along the narrow winding roads and mule tracks, can be bought in the rough for about £5,000.

Fincasol Chullera has its own team of local builders, and will organise basic restoration, which usually means re-laying cracked tiled floors over a concrete screed and waterproof membrane, reconstructing walls and roofs, and putting in essential services such as water, drainage and electricity. This will cost another £10,500 or more, depending on what equipment you want, and whether you can do any of the less complicated jobs yourself.

Those with stamina, enthusiasm and a real feeling for living in Spain, should contact Mrs. Jennie Pinder, UK director, Fincasol Chullera, Travel House, 68, Endless Street, Salisbury, Wilts. (0722 26444). She will supply a detailed property portfolio, and can organise an inspection visit on an individual basis, and it is essential to have a look at the various projects they have *on offer along the* coast as well as in the mountains, to give you an idea of the different life-styles. Both Mrs. Pinder and Frank and Elisabeth Woods, the directors who normally live in Spain, will be at the company's stand at the Homes and Travel Abroad Exhibition which opens next Thursdays until Saturday inclusive at the Cumberland Hotel, Marble Arch, London, W1.

Funeasor is also responsible for Montesol, a small project in Sotogrande, the superb 4,400-acre forest and beach estate originally inaugurated by Col. Joseph R. McMicking in 1962. As well as a number of handsome dwellings, there are now three *golf courses*, six tennis courts, riding stables and two polo grounds. In high summer the elegant sporting paradise is full of the big names in Spanish and international commerce: and there is a saying in Sotogrande that you need to keep your bar stocked with Hennessy cognac, Domecq and Harvey *sherries*, Bacardi rum and San Miguel, as the owners of all five distilleries spend the season there.

I stayed in one of the bougainvillea-clad bungalows of the Golf Hotel, and saw the two-bedroomed pilot villa Montesol have just completed and sold. Designed by British architect Mr. Brian Sprakes-Empson, it includes a splendid split-level living area, solar heating, and ducted air heating from a log-burning fireplace. The 12 houses to be constructed are intended to appeal to a broad holiday and retirement *market*, the first to be built on smaller plots than ever permitted before, and will cost around £54,000. For an extra £2,300 you can add another room, and a swimming pool costs about £4,000. You can still buy larger houses on or near the main golf course, but they will cost considerably more.

In a first attempt to attract a more popular market *to Sotogrande, luxury sporting estate on the Costa* del Sol down near Gibraltar, 12 small villas on ½-acre plots are being built by Montesol from £54,000. Details Frank and Lis Woods, Fincasol Chullera, Cortijo Los Canos, Sotogrande, Cadiz, Spain, or at *their stand* at the Homes and Travel Abroad International Property Exhibition which opens on Thursday until Saturday inclusive at the Cumberland Hotel, London W.1.

## Ups and downs

*WITH PROMPTINGS* by agents to buy as you may never have it so good, the property market in Britain continues with its ups and downs.

For instance in Norman Shaw's Bedford Park, Chiswick, the first garden suburb, a five-bedroom detached house for which the agents recommended an asking price of £130,000, has already received considerable interest at £135.00. Yet someone who put their *Maidstone* home on the market in April at around £85,000, has only just had their first offer. "And it is nearly £20,000 less than our first figure, and we are having to provide a bridging loan," the long-suffering vendor admitted.

And looking at the last two issues of Shipways Weekly Property News, issued by Midland eastate agents with 12 offices, there do appear to be a depressing number of "back on the market" entries. And of course being re-offered means that the properties are now considered stale in comparison with new instructions.

Yet the amount of "drastic reductions" and substantially lowered prices must surely add up to a bargain somewhere. But not everyone, it seems, is too worried about a quick sale, as that delightful phrase "quietly *on the market*" is still being used. It captions a photograph of The Cedars, Redditch, Worcestershire, a large imposing house built in 1840 using some of the stonework from Bordesley Abbey and the timbers from St. Stephens Church. No price is quoted, and all enquiries are to Mr. Richard Eaves, Shipways' Redditch office telephone 0527-65155. For a free copy of the newspaper contact Mr. R. Doble, Shipways' Sutton Coldfield office, 021-355 5656.

Ekins, Dilley and Handley, with six offices in Cambridgeshire, publish a fat property folder in a magazine format, called *Flagboard*, of which they distribute on average 8,000 copies a month, with weekly *supplements*. It *contains* a good map of the area, plus short notes on the background of the villages where places are for sale, many tucked away in quiet roads off the A1 and A47. For a free copy contact Miss Judith Bullard, Ekins, Dilley and Handley, Centenary House, Castle Moat Road, Huntingdon, Cambs (0480 56171).

The current issue includes a 3-bedroom cottage in Chettisham, virtually a dormitory village for the cathedral city of Ely, £20,750, a family house for £35,000 in Cottenham, a large *hustling community* 6½ miles from Cambridge, which has a *thriving* village conservation society, and a little terrace cottage in need of complete modernisation, not mortgageable in its present condition, £8,000. There is a chapel in the countryside, partly restored, for £18,000, and a selection of starter homes from around £16,000.

Detached 5-bedroom, 2-bathroom Norman Shaw-style house in Queen Anne's Gardens, Bedford Park, Chiswick, the estate originally built in the 1870's by property speculator Jonathan Carr as the first garden suburb. This house was built by Shaw's builder for his own use, and is unusual in that most of the other houses along the road were built in pairs. The house, with its conservatory and large garden, has been totally modernised, and Peter Gibbs, Chestertons, 116 High Street, Kensington, W.8 (01-937 7244), is asking £135,000 for the freehold.

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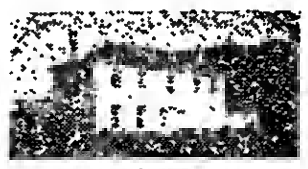

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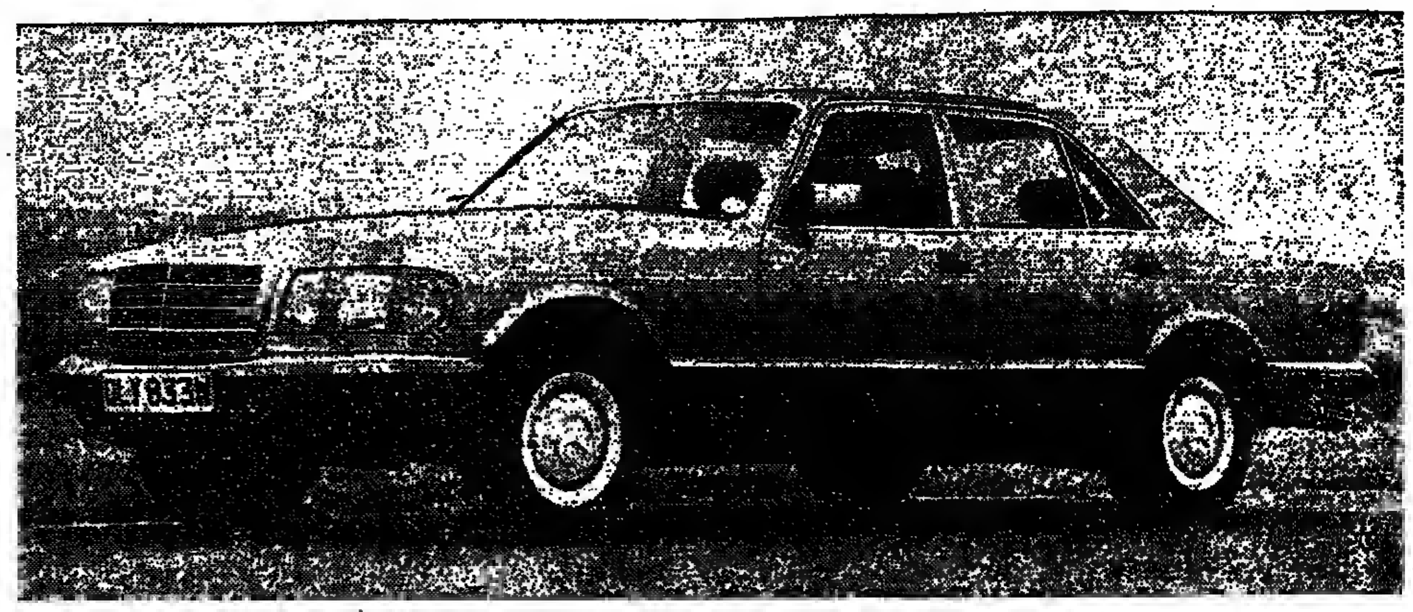
# MOTORING

## Class of "S"

BY STUART MARSHALL



The sleeker, more economical New S Mercedes. It sets an international standard for senior executive's cars.

MOST big-engined cars are a drug on the market at the moment but anyone trying to buy one of the Mercedes new S class cars would be unwise to expect a discount.

The new S models have just reached Britain—their official debut was at the Motor Show that closes tomorrow—and they are going to be in short supply for several months. In Europe, they have already been on sale for some time, adding to the previous model's reputation for setting an international standard against which the top executive's car is judged.

Nearly *half-a-million* of the former S types were built in eight years and about 14,000 of them were sold in Britain. Next to the U.S., we were its biggest export market.

There are five models in the new S range at prices between £15,300 for the 280SE and £23,900 for the 500SEL—totals which can easily be inflated by another two or three thousand pounds worth of extras like anti-lock brakes, air conditioning and alloy wheels.

I know I am not alone in finding Mercedes type numbers confusing though those for the new S cars are pretty straightforward. Even so, a few words of explanation may help. The entire line-up—280SE, 380SE, 380SEL, 500SE and 500SEL—has fuel injection (the E stands for *einspritzmotor*, which means fuel injected) and the S means, well, that they are S class cars. The 280SE has the familiar in-line six-cylinder, twin overhead camshaft engine also used in the most expensive of the "compact" Mercedes saloons, coupé and estates. The 380 and 500 have new, light-alloy V8s of 3.8 and 5.0 litres capacity. And the L indicates that the 380SEL and 500SEL have a 5½-ins longer wheelbase, giving extra rear seat legroom.

The new V8 engines are being used in the latest Mercedes roadsters and coupés (in addition to the 2.8 litre in-line six) which also answer to the names of SL and SLC but let us leave it at that before things become really complicated.

The main significance of the new S class saloons is their 10 per cent better fuel consumption, achieved because they are considerably tighter and create less wind resistance than their predecessors. So much research went into getting the new S class shape right that the cars have the kind of aerodynamic drag factor normally associated with the squashed-down Italian exotica which one has difficulty getting in and out of. For large executive saloons with lavish head, shoulder, hip and legroom and boots that swallow up masses of luggage, they slip along with very great ease.

And I do mean masses of luggage. Driving back from the Paris Show earlier this month, four up in a 380SE, we had two very large suitcases and five smaller bags in the boot. It still swallowed up two dozen bottles of wine and three cardboard boxes of groceries after a visit to the Boulogne supermarket.

I had driven down to Paris a few days before in a 500SEL, again four up, mainly on lightly trafficked N and D roads and at cruising speeds I prefer to keep to myself and which my passengers were unaware of anyway. Germany is the only European country in which one could begin to *drive* the 500SEL legitimately in a way that fully reveals its virtues. But enough to say that I am satisfied Mercedes do not exaggerate when they claim the five-litre, 240 horsepower engine gives the new S the same performance as the almost two-litres larger engine gave the former S class flagship, the 140 mph, 0-60 mph in 7.3 seconds 450SEL 6.9.

Inevitably, the 500 SEL invited comparisons with the new Rolls-Royce Silver Spirit, which I had driven only a fortnight before. The Rolls is not so fast, uses more petrol, costs twice as much—and is instantly identifiable as what is still the world's most prestigious car. All the new S class Mercedes look exactly alike. Only the numbers on the boot lid tell you which is which because even the extra wheelbase of the "L" models is not at all obvious.

This Mercedes *is* arguably even more of a driver's car than the Rolls-Royce, though the passengers may complain that the seats are a bit on the firm side. I thought so, too, but they left me ache-free after a day's driving. And one is more aware of the kind of road surface the *Mercedes* is *rushing* over, simply because the Michelin XWX tyres are the same as you would find on a 160 mph supercar and provide the ultimate in grip, roadholding and steering response. Rolls-Royce demands a tyre that deals a little more gently with rough or coarse-textured surfaces for their customers.

So, to sum up, the Mercedes 500SEL feels as though it has more muscle and sinew than the Silver Spirit, and it isn't quite *so sepulchral*. But it would be as unrealistic to compare the 500SEL and a Silver Spirit as it would a 12-year-old Highland malt with a vintage port. They are both magnificent, but different.

All new S cars coming to Britain have Mercedes' own four-speed automatic transmission (ultra smooth in operation and good for 100 mph in third in the 500SE) and admirable power steering as standard. Air conditioning is standard only in the 500SEL, a £1,118 extra in all the others.

Optional electric to-and-fro and recline adjustment for the front seats in all the new S cars, and for the rear seats only in the long wheelbase ones, has the neatest operating control I have ever seen. It's a miniature *bas relief* of a seat on the door trim; you press the cushion part to adjust legroom, the backrest to alter the rake.

Fuel consumption (city, constant 56 mph and 75 mph respectively) range from 16.5, 30 and 24 mpg for the 280SE to 13, 25 and 21 mpg for the 500SEL. Mercedes engineers told me they were confident the new S class cars would still be in demand in ten years' time. They have plans to chip away at petrol consumptions throughout the next decade. But they are hedging their bets. A new S 5-cylinder 3-litre diesel with turbocharging is sold in the U.S. but not in Europe—at least not yet.

## CHESS

LEONARD BARDEN

AN ARRAY of potential title challengers at this month's Interpolis tournament at Tilburg, Holland, once again failed to stop world champion Anatoly Karpov adding to his collection of first prizes. Karpov now has 18 victories in 20 individual tournament starts since 1975, so that Tilburg provided a prestigious opportunity for his assembled rivals.

When the champion lost unexpectedly to Larsen in an early round—and that with the white pieces in the supposedly drawish Petroff Defence—there were murmurs that this time, over a short 11-game distance, his run of success would be halted. But Karpov struck back immediately and ironically when he beat the Dutch No. 1 Timman, also with Black in a Petroff: by the sixth round he shared the lead with Portisch and Spassky on 4/6, then he went half a point ahead, while near the end he outplayed Spassky before coasting to first prize with formal draws.

Final totals were Karpov 7½ out of 11, Portisch 7, Timman 6½, Sosonko and Spassky 6, Tal 5½, Hort and Larsen 5, Andersson, Hubner and Ribli 4½, Kavalek 4. The composition of these super-tournaments (the players had an average rating equal to a BCF grade of 253) is open to some criticism. Results on which selection is based are a year or more old, while such players as Andersson, Hort, Sosonko and Kavalek possess a negative, spoiling style. Sosonko and Hort each drew ten games, and Sosonko's only win was by default in the last round. Rising young grandmasters such as Kasparov, Seirawan or Tony Miles would give Karpov a harder fight in a competitive if not in a technical sense, and rumours persist that at Karpov's next tournament at Buenos Aires the champion made Miles's omission a condition of his own entry.

Nineteen-Eighty is the fourth year of Interpolis Insurance's now traditional Tilburg classic. Karpov has now beaten a world class field there for the third time (the 1978 Tilburg clashed with the Korchnoi match). Boris Spassky showed improved form and this week's game harks back to his best years before Bobby Fischer and Reykjavik.

White: B. Spassky (USSR/France). Black: Z. Ribli (Hungary).

Queen's Indian Defence (Tilburg 1980).

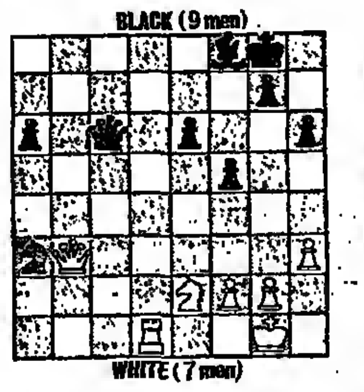
1 P-Q4, N-KB3; 2 P-QB4, P-K3; 3 N-KB3, P-QN3; 4 P-K3, B-N2; 5 B-Q3, P-Q4; 6 P-QN3, B-K2; 7 0-0, 0-0; 8 B-N2, P-B4; 9 QN-Q2, N-B3; 10 R-B1, R-B1; 11 Q-K2, QPxP; 12 NPxP.

White invites central hanging pawns (12 . . . PxP; 13 PxP) and achieves a piece formation popular in the chess of the 1950s but rarely seen today. When the system was the height of fashion, Spassky was a young master and Ribli only a child; hence an excellent psychological choice.

12 . . . Q-B2 (awaiting events, but more flexible is R-K1 followed by B-B1, P-KN3 and B-N2); 13 KR-Q1, KR-Q1; 14 B-N1, P-KR3; 15 N-N3, P-QR4 (N-QN1 and B-K5 to exchange bishops looks a better counter to the knight manoeuvre. If White stops the exchange by QN-Q2, then Black can repeat moves by N-B3); 16 P-KR3, P-R5; 17 QN-Q2, K-B1? (the king is less exposed to tactical threats at N1): 18 N-K4, NxN; 19 BxN, PxP (at last establishing the hanging pawns): 20 PxP, P-R6; 21 B-B3, N-R4; 22 P-B5! (In the 1950s the hanging pawns side often won by a centre break like this: PxP fails to 23 BxN winning a piece, and it is clear that the KB1 king is in the firing zone), BxB; 23 QxB, PxP; 24 P-Q5! PxP; 25 Q-R7 (after the classical double pawn sacrifice come decisive mating threats), P-B3; 26 N-R4, K-K1; 27 Q-N8 ch, Resigns. If B-B1; 28 BxN, QxB; 29 N-N6, K-Q2; 30 NxB ch, RxN; 31 QxQP ch wins—vintage Spassky.

### POSITION No. 343

BLACK (9 men)



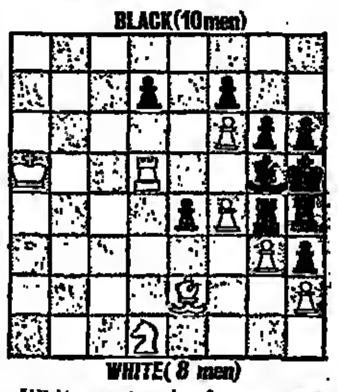
WHITE (7 men)

Seirawan v. Peters, U.S. championship 1980.

Material is level, but White (to move) has the initiative. What should he play next, and how should the game go?

### PROBLEM No. 343

BLACK (10 men)



WHITE (8 men)

White mates in four moves, against any defence (by A. French, Chess Life 1980). Black's men are virtually move-bound so that White's problem is to rearrange his pieces in the right formation to force the mate.

Solutions Page 12

## BRIDGE

E. P. C. COTTER

A recent publication, Squeeze Play Is Easy (Allen and Unwin £5.95), by Terence Reese and Patrick Jourdain is an excellent work. It will do much to allay the fears of the average player, and enable him to add this essential weapon to his armoury. The problems of entries, menaces, and timing *are explained with great clarity.*

Let us examine this deal:

N.
♠ K 7 4 2
♡ Q 8 3
♢ K 9 4
♣ 9 5 3

W.
♠ 6
♡ A K J 7 5 2
♢ J 5
♣ 10 8 7 2

E.
♠ 9 3
♡ 10 4
♢ Q 10 8 6 2
♣ K Q 6 4

S.
♠ A Q J 10 8 5
♡ 9 6
♢ A 7 3
♣ A J

With North-South vulnerable South deals and bids one spade, West overcalls with two hearts, North gives a single raise in spades, and South goes to four spades.

When West leads the heart King and dummy goes down, the declarer can see that there are nine tricks on top, and that a squeeze is the only hope of making the tenth if West has as many as six hearts. But if he is going to bring off a squeeze, he must be alert and see that all the conditions are complied with.

East drops the heart ten, so West continues with the Ace, and then a third heart to kill dummy's Queen. East ruffs, and *if* declarer automatically overruffs, he can say good-bye to the contract. There is a possible squeeze in the minors against East, but South must get the timing right, he must rectify the count by letting the defence win a third trick early.

The simple solution is to discard the diamond three. East sends back the club King, declarer wins, and runs off five trumps and the Ace of diamonds. In the three-card ending East holds Queen, ten of diamonds and the club Queen, dummy has King, nine of diamonds and a club, while South has eight of spades, seven of diamonds, and Knave of clubs.

Now declarer leads his last trumps, throwing dummy's club, and East has no good discard. Note that, with the one-card menace in the same hand as the squeeze card, and squeeze is automatic, and works equally well against East or West.

The Vienna Coup is a fancy name *for what* is *only an* unblocking play to avoid the indignity of squeezing oneself. It is possible that some players might go wrong in the following deal, because the unblocking play is made from declarer's hand, not from dummy:

N
♠ K J 8 7 4
♡ 10 4 2
♢ K 10 6
♣ Q 5

W
♠ 10 6
♡ Q 9 8 5 3
♢ 8
♣ K 10 8 6 4

E
♠ 9 3
♡ J 7
♢ A Q 7 4 2
♣ J 9 3 2

S
♠ A Q 5 2
♡ A K 6
♢ J 9 5 3
♣ A 7

South deals at a love score and bids one spade, North raises to three, and South bids the game in spades. West leads the singleton diamond, and East cashes Queen and Ace. A third diamond is ruffed by West, who returns a trump. South draws trumps and starts to count. As West has a singleton diamond and only two trumps, there is a good chance of finding him with five hearts, and if he has the club King as well, he will be the victim of a squeeze.

But South has some preliminary work to do. He must *first* cash the club Ace—the Vienna Coup—setting up West's King as master with dummy's Queen as menace. Now he cashes the diamond Knave, discarding a heart from the table, and *runs* the remainder of the trumps. The last spade exerts pressure on West, pressure that he cannot withstand, and forces him to throw the club King or unguard his Queen of hearts.

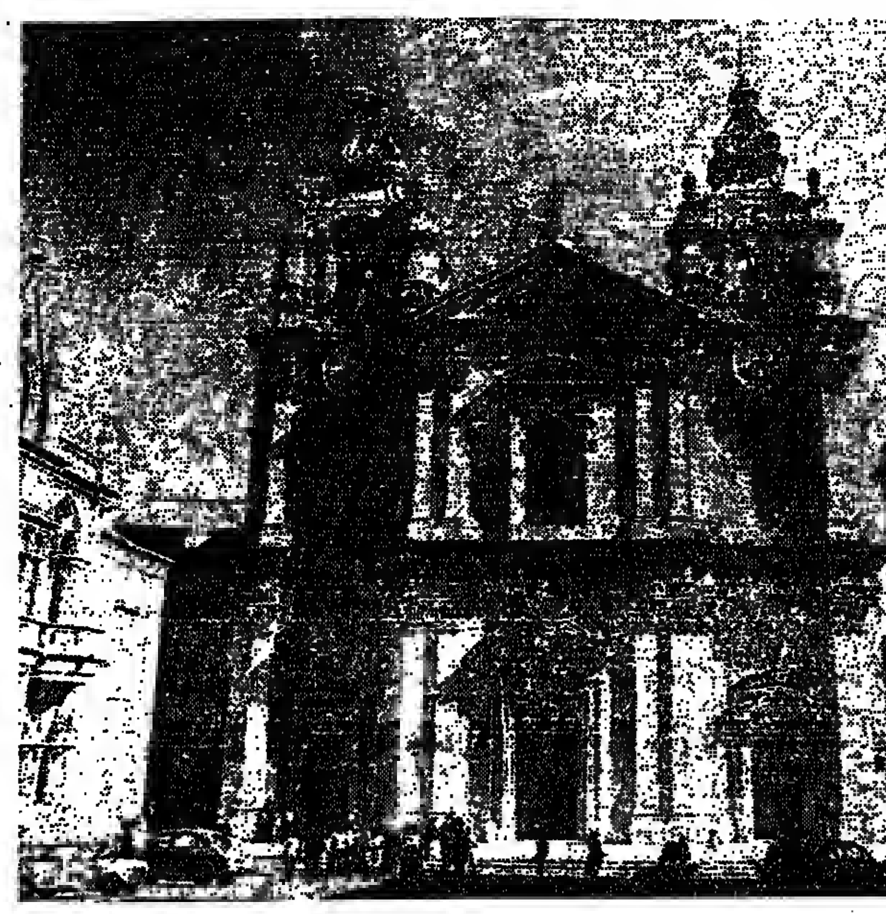
## MOTOR CARS

## PUBLIC NOTICE

# TRAVEL

# Villas for rent

BY SYLVIE NICKELS



The Cathedral at Mdina, Malta

NOWADAYS you can rent anything from a log shack to a mini-palace. At the risk of being obvious, however, I must repeat what I have said before: be clear about what you expect for your money and then check that your expectations are justified.

There are some very tempting offers about, but a bargain begins to lose its attraction if it applies to an unheated apartment a brisk walk away from the nearest shops at the coldest time of the year. And many tour operators are still rather evasive about the weather in winter sunshine areas.

This apart, most of them do provide all the basic facts necessary and, as usual, a survey of this winter's crop of brochures has revealed some interesting points of comparison.

Accommodation considered suitable for four adults ranges from properties with two twin-bedded rooms and lavish living space to those with one double bedroom, the other two beds being divans in the living room. In some cases "compact kitchenettes" are lacking an oven which would seem to limit the self-catering potential. Some villas look absolutely gorgeous, but may seem a little isolated to the more gregarious. Others—usually studios, apartments or bungalows—are in the thick of great holiday complexes, with every conceivable amenity and obvious disadvantages to the solitarily inclined.

Getting down to the nitty-gritty of prices, Meon Villa Holidays are offering two-person studio flats on the Costa del Silencio in the south of Tenerife for £241 for two weeks (January-March) for each person. This includes return flight, transfers, maid service and food hamper, the last of which is not mentioned in Thomson's similar offer a few miles away at Playa de las Americas for £184-£200.

On these Tenerife holidays, Meon do not include a car, though they do on all their villa holidays, complete with unlimited mileage, as in the case of their arrangements in Portugal's Algarve and Malta.

In the latter, for each of four adults, the price range is £169-£225 (January-March), again with food hamper and maid service. A wealth of historic and pre-historic sites gives Malta an extra dimension and, linked to a benign climate and a low rate of inflation, it all adds up to an attractive proposition this winter.

Don't, however, expect tropical temperatures: the average maximum in January-February is around 60°F, which still compares pretty favourably with London's 43-45°F. No less than 77 operators are featuring Malta, among them Exchange Travel for almost their 20th year, Medallion Holidays which is a Maltese company, and OSL, the UK's largest villa specialist.

In addition to the more obvious European and Atlantic Island destinations, OSL offers Barbados, Florida and Kenya, with the longer distances and consequent higher prices rewarded by a much better climatic guarantee and the attraction of the less familiar. In Kenya, the beach-side apartments or chalets are a few miles from Mombasa, costing £430-£460 for each of four persons for two weeks, with return flight. Safaris provide a magnificent alternative should you get bored with the beach. Self-catering prices for a fortnight in the Caribbean this winter are in the £400-£700 range (January-March). Pegasus has particularly low rates to St. Lucia and Antigua using charter flights; other operators to the area include Kuoni Travel and Caribbean Island Holidays.

Independent travellers heading for Alpine snows might choose from Interhome's latest catalogue of 5,870 properties in most mountain resorts in Austria, France, Italy, Germany and Switzerland. Weekly rentals are quoted for every type of studio, flat, chalet or villa, but you make your own travel arrangements.

In nearly all cases, prices in January are very markedly lower than later in the season, and this is also true of the motoring and self-catering packages of P&O Auto-Ski in eight French Alpine and one Pyrenean resort.

Finally, if you are thinking of investing in your own permanent holiday home, there is the interesting and rapidly expanding concept of property time-sharing by which you buy ownership rights of a property for a fixed period each year, either leasehold or in perpetuity.

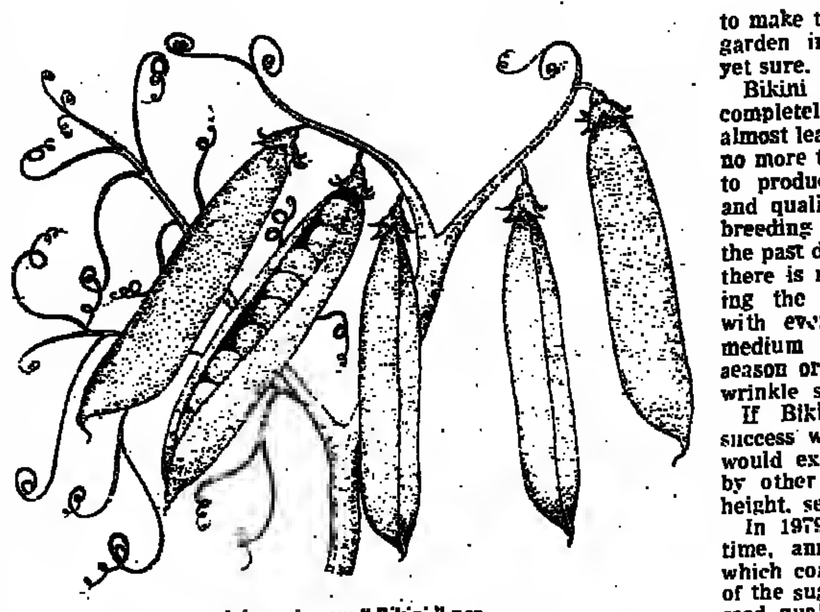
A rough guide to price range is £600-£6,000 per week unit, depending on season, quality and size of property and location, plus £30-£50 a year, per week unit, to cover management and maintenance. Ownership rights can be rented, sold or bequeathed, or they can also be exchanged with other time-sharers when you want to vary your horizons. Further details are available from R.C.I. (Resort Condominiums International) which have time-sharing properties for exchange in over 350 resorts world wide.

**Further information: Meon Villa Holidays, 32 High Street, Petersfield, Hampshire GU32 3JL; Thomson Holidays, Greater London House, Hampstead Road, London NW1 7SD; Exchange Travel, Exchange House, Parker Road, Hastings, East Sussex TN34 3UB; Medallion Holidays, 26 Cockspur Street, London SW1Y 5BT; OSL, OSL House, Broxbourne, Herts. EN10 7JD; Pegasus Holidays, 33/35 Buckingham Palace Road, London SW1W 0PP; Kuoni Travel, Deepdene House, Dorking, Surrey; Caribbean Island Holidays, 32 High Street, Kingston-upon-Thames, Surrey KT1 1HL; Interhome, 10 Sheen Road, Richmond, Surrey TW9 1AE; P&O Auto-Ski, Arundel Towers, Portland Terrace, Southampton S09 4AE; R.C.I. 24 Worple Road, London SW19 4DD.**

# GARDENING

# The new breed of leafless pea

BY ARTHUR HELLYER



Johnson's new "Bikini" pea

FOR SOME years it has been possible to breed culinary peas which produce no leaves but a considerably increased number of tendrils. This might seem to be an achievement of purely academic interest, the kind of aberration that could increase the insights of geneticists or physiologists into the behaviour of plants without being of the slightest practical value to gardeners.

In fact such a snap judgment would be quite wrong. Provided leafless pea plants can crop as heavily as normal peas and produce peas of comparable quality—and that was proved possible in trials carried out as long ago as 1973 at the John Innes Institute—there are some practical advantages in the absence of leaves.

For one thing the plants offer far less resistance to wind and so require less staking; indeed if they do not grow more than two feet high they require no staking at all since they stand up on a mass of tendrils.

Another merit is that the leafless plants are easier than normal peas to harvest mechanically and this can be very important to the big commercial growers who produce thousands of acres of peas exclusively for the canning and deep-freeze trade.

There are other possible advantages. One might expect the leafless plants to be less subject to some diseases such as mildew and they would clearly offer little joy to pea weevils which sometimes scallop the edges of pea and bean leaves to such an extent that there is precious little left. One breeder of leafless peas goes further and claims that the extra penetration of sunlight and air due to the replacement of leaves by tendrils hastens the ripening of the seeds but I know of no independent evidence to support this. It sounds reasonable but everyone who has had much to do with plants must have been struck by the fact that they do not always behave in a reasonable way.

It might, for example, seem quite unreasonable that any pea plant, deprived of its leaves, could grow at all let alone produce a good crop. The fact that it can do so is due to the ability of tendrils to perform the function of leaves and, if there are enough of them, to be as efficient as leaves.

Although I have known about the leafless variety for some years, I have written little about them since I supposed that any practical value they might have would be exclusively for the big comercial producers who are always eager to replace expensive labour with cheap mechanisation and that, in any case, the plants would never be made available to home gardeners. Time has proved me wrong on both counts.

At least one leafless plant is about to make its retail bow in the seed packets of Johnson's Super Seed Range, the retail pack of W. W. Johnson and Son of Boston, Lincolnshire, old established wholesale producers of agricultural and horticultural seeds. Since there are now a number of leafless peas about, it may well be that other firms are about to make similar introductions but Johnson's Bikini pea is the first I have heard of to be launched on the retail market.

It will be interesting to see how it is received. Not, I imagine, very enthusiastically this first year. Because few gardeners will even have heard of leafless peas, they will know nothing about their virtues and may even be positively repelled by the thought of anything so odd and apparently against nature. But I shall be delighted to have the opportunity of trying the plant myself instead of having to read about it in scientific papers or listen to experts talking about it at research stations. I have now heard and read sufficient about this development to be convinced that there is some merit in it though whether of a kind to make the plant a really good garden introduction I am not yet sure.

Bikini is not described as completely leafless but as almost leafless. It is said to grow no more than two feet high and to produce peas of good size and quality. I might add that breeding experiments during the past decade have shown that there is no obstacle to combining the leafless characteristic with every type of pea, tall, medium or short, early, mid-season or late, round seeded or wrinkle seeded (marrowfat).

If Bikini is a commercial success with home gardeners I would expect it to be followed by other varieties of different height, season or type.

In 1979 I grew, for the first time, another remarkable pea which combines the edible pod of the sugar pea with the green seed quality and quantity of a first class ordinary pea. Provided it is picked while the pods are still fairly young and green, the whole can be cooked and eaten just as they are. In fact, because I was away from home at the vital time, my 1979 crop was left to mature a little too long so I removed the strings from the pods, which were by that time packed tight with peas, and then cooked them whole.

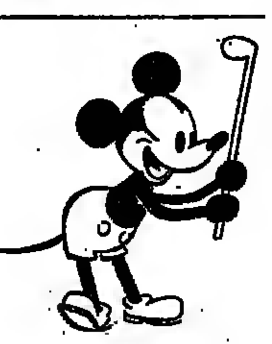
Rather to my surprise they were delicious and so I recommended the variety, Sugar Snap, to readers, some of whom seem equally delighted with it.

It is certainly the most economical and labour-saving pea plant I have grown but it does require support since with me it grew five feet tall and one startled but otherwise delighted reader writes to say that in his garden it reached seven feet. If desired the peas can be shelled and cooked separately from the pods, a method recommended in Dobies' catalogue as a means of savouring the subtle difference in flavour between the two, but I can see little advantage in this.

# Boredom on the synthetic turf

## GOLF

BEN WRIGHT



THE 1980 tournament season ground to a halt here at Walt Disney World, Orlando, Florida, last weekend with a National Team Championship won by the Edwards brothers, Danny and Dave, from Edmond, Oklahoma. The event also featured—if that is the right word—a mammoth pro-Am for the first 54 holes of the tournament, during which each two-man team of professionals was joined by three amateurs. It was the single most unwieldy, least watchable golfing occasion in my experience.

It lasted from 7.30 am until dusk for three days over three different courses. No less than 378 amateurs paid $1,250 each for the privilege of playing in the event, in 126 five-man teams, and so, mercifully, a huge sum of money was raised for charity. But I met many professionals who had escaped to the comparative sanity of the Magic Kingdom with their children, to rub shoulders with Mickey Mouse and company at the greatest resort of its kind in the world, who complained bitterly that they had been totally unable to concentrate on their own golf. When the cut was made on Saturday night just 35 professional teams proceeded to the final round with $350,000 at stake on the resort's Magnolia Course, the most difficult of the three, and no British team survived.

For me the event was overshadowed completely by the "unveiling" on the eve of the tournament of the first of many "Wee Links" miniature courses specifically designed to attract youngsters to a game that is fast pricing them out of it. What made this such a memorable happening is that it could easily provide the solution to so many cash flow, maintenance and climatic problems that beset municipalities throughout a world that is crying out for public golfing facilities but which inflation constantly drives further into the background.

Basically this six-hole junior course was designed by Ron Garl of Lakeland, Florida, on a 25-acre plot donated by Walt Disney World, and constructed at a cost of $200,000 drawn from the PGA tour's charitable and education fund. The 1,525-yards-long layout comprises two par threes, three par fours and a par five hole that feature numerous sand bunkers and water hazards, neither of which would be essential if a municipal body was intent on cutting costs to the bare bone.

The brilliantly distinctive features of the facility are tees and greens fashioned from artificial turf that requires no maintenance, yet they can be top-dressed like their expensive conventional grass counterparts. The synthetic turf is manufactured by an American company, Playfield Industries, from a most convincingly grass-like fibre produced by the Chevron Chemical Company, rather unattractively named "Mod-Sod." This marvellous synthetic grass seems to knit in perfectly with the conventional Bermuda type used at Walt Disney World. It drains perfectly, as I saw for myself after a sharp evening's thunderstorm, and each green has four different pin positions to reduce such little wear and tear as there is, which has to be negligible.

What a boon such putting surfaces would be at wealthy British private clubs, whose committees could instal them close to their own greens as substitutes to be used for winter play, instead of taking all the fun out of winter golf by sticking a hole in a shaved down section of every muddy or hard frozen fairway, which makes putting a farce.

I was amazed at how well the synthetic greens of the first "Wee Links" received the ball, and how truly they putted. It was hard to believe that the manufacturers could have achieved such a close resemblance to the bounce and roll of real grass in this way.

The revenue from the new $200,000 facility will go towards operation and maintenance costs, and although the green fee of $2.00 for six holes for tots appears a little steep on the surface, I must hasten to add that this sum includes use of junior rental clubs, golf balls, and tuition from professional members of the staff of Disney's director of golf, Phil Ritson. Messrs. Spalding, the equipment manufacturer, have donated 24 sets of junior clubs to the facility.

The "Wee Links" also features a unique yardage system incorporating the use of "junior yards." A junior yard is actually four feet in length. So the par four first hole, which actually measures 280 yards, is listed on the card at 373 junior yards. It is all quite fascinating and must surely be copied in Britain without delay, not to speak of the rest of the golfing world.

On another statistical note as Master of Ceremonies at the first ever PGA tour award dinner at Disney World last Saturday night, I had the distinct pleasure to hand out gold medals to the winners of various new statistical categories at the end of the season. Dan Pohl was the driving distance winner with a year long average of 274.3 yards. Mike Reid was the straightest driver, hitting 79 per cent of the fairways through the season. Reid was also runner-up to Jack Nicklaus in the category involving greens hit in the regulation figure, so it is hardly surprising he finished ninth on the money list without winning a tournament, his first ever finish in the top 60.

Jerry Pate was the best putter by averaging 28.81 putts per round, but as he told me most of his putts measured a round yard or so, because he missed so many greens, and chipped so well! Tom Watson naturally broke par the most times and finished with $530,808 to his record credit not even counting his Open Championship winnings.

Dave Eichelberger had the most eagles, no less than 16, and Andy Bean the most birdies, an incredible 388. Bob Eastwood, who got up and down from bunkers in two shots two-thirds of the time was the best sand player. But he finished a lowly 90th on the money list, which doesn't speak too highly of the rest of his game. Lastly, Lee Trevino, had the lowest scoring average for 30 years—69.73—to rob Watson of the coveted Vardon Trophy.

# Robellino on form

## RACING

DOMINIC WIGAN

THE William Hill Futurity has a dismal recent record as a classic pointer—the last winner to subsequently land such a race was High Top — and there is little to suggest that today's renewal will set the ante-post market alight.

Nevertheless what the Futurity appears to lack in terms of a top class colt (with the possible exception of Shergar) it makes up for in several tough and resolute performers who seem sure to reproduce their best.

Although the Aga Khan's great nephew colt, Shergar, has worked in the style of a high class recruit with such older horses as Withy Copse since making a successful debut he now jumps a couple of grades in class. Shergar may well win, but with Michael Stoute's juvenile team showing signs of "coming off the boil" he is not one I would care to support at odds of around 11-4.

A safer proposition seems to be Robellino who is nothing if not determined and consistent. Ridden with commendable patience and, ultimately, nerve by Amoco Jockey of the Month, John Matthias, in the Royal Lodge Stakes Robellino got up close home through a gap on the far rail at Ascot to beat Recitation. He won strictly on merit there in a record time and should again prove just too good for his Pulborough victim, the subject of a hard race when beating sub-standard French opponents in the Grand Criterium earlier this month.

Whatever the fate of Lester Piggott on Shergar in the season's final Group One event for two year olds he is most unlikely to leave Doncaster empty handed for Shark Song has a comparatively easy task in the opening Doncaster Stakes. Here I expect Mr. Ravi Tikkoo's Grey daughter of Song to follow up her facile Newbury victory with an equally emphatic success.

Turning to Newbury, where there is another informative mixed card in prospect Main Reef can land the St. Simon Stakes for a second year running. Later in the afternoon Secondary Image looks to be the "getting out" bet in the second division of the Peter Marsh Stakes.

**DONCASTER**

1.45—Shark Song
2.20—Magnolia Lad
2.55—Robellino
3.30—Maiden's Walk

**NEWBURY**

1.30—Dramatist
2.00—Chaplins Nightclub*
2.30—Man of Song
3.00—Main Reef***
3.30—Crested Lark
4.00—Heron's Hollow
4.30—Fort Belvedere
5.00—Secondary Image**

Lester Piggott: on [illegible] Doncaster

# BOOKS

## Pointed pen

BY ROBERT L. PATTEN

**Graphic Works of George Cruikshank**
selected with an Introduction and Notes by Richard A. Vogler. New York: Dover Publications, London: Constable, £5.00. 168 pages

**The Book Illustrations of George Cruikshank**
by John Buchanan-Brown. David and Charles, £12.50. 256 pages

George Cruikshank's stock is going up. It plummeted a century ago: a civil service mandarin, rejecting an 1873 Memorial from the Grampian Club recommending that this grandson of Scotland be knighted, scornfully dismissed his claims: "there are very many others far superior to him."

Since then, Cruikshank has shared in the general reflation of Victorian artists, but he has also gained proponents in his own right. William Feaver's 1974 Arts Council exhibition helped, as did several books published in 1978 commemorating the centenary of his death. Book, print, and autograph dealers have noted this burgeoning interest and put up their prices accordingly.

These two books are intended to broaden the market further, both by increasing the number of Cruikshankians and by publicising other achievements besides the illustrations for *Oliver Twist*. Professor Richard Vogler started pushing Cruikshank more than a decade ago, and has been busy ever since writing catalogues and articles and organising exhibitions, including one of his own superb collection of Cruikshank's caricatures. His contribution to the Dover Pictorial Archive series is splendid. The core of this oversized paperback consists of 279 prints, eight in bright colours, selected from the more than 6,000 images Cruikshank published during his long lifetime. Vogler includes wonderful examples of Cruikshank's Napoleonic war propaganda and of the ludicrous "Monstrosities" of peace-time fashion; crude lottery puffs and the equally crude but devastating cuts for William Hone's radical press; vignette wood engravings that squeeze all of London life into a few column inches; complacent oysters and conceited beaux, knackers' yards and fairy greens, dancing elves and delirium tremens.

Though no photo-reproductive process can ever capture the sparkling crispness of first proofs pressed into india paper, these plates have been so carefully printed that the tour de force details of Cruikshank's microscopic world remain remarkably distinct. To have conveniently at hand such a *judicious sampling of his best* work alone justifies the (inexpensive) cost; but additional value is to be had from Vogler's sensible introduction and his informative notes to each plate.

John Buchanan-Brown concentrates on the book illustrations. He offers 249 black-and-white images ranging from the (originally coloured) engravings for Dr. Syntax's *Life of Napoleon* published when Cruikshank was 22 to his last illustration, the ominous frontispiece to Mrs. Octavian Blewitt's *The Rose and the Lily*, designed and etched when he was 83. The narrower focus permits a wider selection from some of Cruikshank's best work, such as the etchings for Ainsworth's *Tower of London*, where Cruikshank subordinates extensive

One of Cruikshank's illustrations for "The Loving Ballad of Lord Bateman"

antiquarian research to an absolute mastery of composition, atmosphere, and graphic techniques.

Buchanan-Brown supplies no notes for his plates, which is just as well, as he tends to be unreliable about facts. However, in a long introduction he discusses important new evidence about Cruikshank's professional relations that modifies earlier portraits of a quarrelsome and cantankerous crank. Cruikshank never amassed any fortune; he usually sold his copyright outright, and thus had to produce another plate to pay for the next meal. His precarious finances forced him to accept almost any commission, no matter how unworthy, and to borrow repeatedly from his long-suffering publishers, with some of whom — Charles Tilt, George Bell — he had, notwithstanding, extended and amiable associations.

Everyone has a favourite Cruikshank print. At the moment mine is the centrepiece to a plate in the early *Scraps and Sketches*, one of many abortive ventures where the artist acted as his own publisher. Entitled "Ignorance is bliss," it depicts two corpulent, elegantly liveried servants heraldically flanking a squat, four-square English bulldog, and lounging before the open front door of a prosperous Mayfair mansion. "What *is* Taxes, Thomas?" asks one, picking his teeth with a quill: "I'm sure I don't know," replies his fellow with a shrug. I laugh at that until the tears come. Just as I do at my tax bill, and at the price of original Cruikshank prints.

## Amery's attitudes

BY ZARA STEINER

**The Leo Amery Diaries: Volume One, 1896-1929**
edited by John Barnes and David Nicholson, Hutchinson, £27.50. 653 pages

Amery's diaries were never intended for publication; they were the raw material for his valuable and highly informative volumes of autobiography. The editors have published only a fraction of the original, omitting almost everything of a personal kind. This decision is arguable if defensible on the grounds that this volume is already far too long. Add the fact that Amery indulges in almost no gossip, character assassination, or flights of political fantasy and you see why the book is hard going.

The editors provide some help for the general reader by supplying introductions and connective passages as well as a biographical index. Unfortunately, these commentaries are extremely uneven not only in length but in quality, and in their use of extended argument and secondary sources. The editorial task must have been formidable; nevertheless, some of the entries might have been omitted in return for additional assistance.

These pages are not a chronicle of the moments of high drama though the years covered (1896-1929) had more than their share of these. Rather they record the daily problems first of the Coalition and then of the Conservative party as seen by a man who never quite achieved the position or influence that he clearly desired. For much of this period, Amery was a "back-room boy," first as journalist and MP, then as Assistant Secretary to the newly established War Cabinet and even as he slowly began to ascend the ministerial ladder. Though he had powerful supporters, particularly Lord Milner, his claims to office were often overlooked and his influence had to be exerted behind the scenes and through unofficial channels. When he came into his own as Secretary of State for the Dominions and Colonies in the Baldwin government of 1924-29, Amery, though successfully presiding over the transition from Empire to Commonwealth failed to give the latter new vitality by converting his colleagues to an effective system of imperial preference.

Much of the diary reflects Amery's battles with his colleagues over leaders and programmes but also recorded is the time spent dealing with the minutiae of daily political life party manifestoes and Speeches from the Throne, working on the details of programmes for assisted emigration, handling the arguments about the flag to be adopted in South Africa and guiding the complex negotiations of the East African Commission. Trips to the Dominions and Empire countries did not compensate for the power vacuum in London.

The fact was that Leo Amery was unfortunate in his vision and in his timing. His mentors were Joseph Chamberlain and Lord Milner and his consistent and unswerving devotion to the twin causes of Protection and Empire led him into the political wilderness. He was consistent and far-seeing in many of his views if arrogant, and even pedantic, in their advocacy.

All was cut from a single cloth which had been woven in the 1890s. Thus Amery was an Eastern Front man during the First World War, a strong supporter of the extension of British influence in the Middle East (convincing his reluctant colleagues to seize the Mosul oil fields), an opponent of the League and an anti-European. He was an early and firm enthusiast for air power, a supporter of the naval claim for its own air arm, an opponent of disarmament. He saw in an extended Empire an alternative to the much dreaded continental commitment, and found in protection not only a bond to cement imperial ties but a solution to the unemployment problem.

As his Diaries make clear, Amery's programmes were not acceptable to his party colleagues. His very special brand of imperialism was suspect to a Cabinet suspicious of new responsibilities. His demands for protection and imperial preference were blocked by that arch free-trader and dominating Chancellor of the Exchequer, Winston Churchill, and by a Prime Minister who, after the collapse of 1923 preferred "safety first." Amery lectured and scolded but served only to arouse the antipathies of those who thought him wrong and the fears of those who were by nature political trimmers.

There are nuggets to be found in this book if one has patience. As the editors promise, there are some splendid vignettes of Amery's contemporaries. The diarist catches both the intellectual brilliance and the political fastidiousness of Lord Milner. There is a shrewd as well as striking portrait of Winston Churchill. The scene of Amery's visit to the Churchill home to corner Winston in his bed is not only

Leo Amery: battles with colleagues.

a moment of light relief but the prototype of a long series of World War II stories.

Finally, there is a fascinating half-picture of Stanley Baldwin, a man whom Amery helped to power but whose silences and indecisions, sudden shifts in sympathies and loyalties left Amery bewildered, isolated. With hindsight, one can question Amery's solutions to the problems of post-war Britain and can criticise a certain narrowness in his choice of options. Nevertheless, there is an intellectual vigour and honesty about the man which must command respect. Few will want to read all of this volume but it is worth the effort of browsing through its pages. One gets a feel for the "nitty-gritty" of Conservative politics which brings one close to the realities of power.

## Peace in our time

BY JANET MORGAN

**Pacifism in Britain 1914-1945: The Defining of a Faith**
by Martin Ceadel. Oxford Historical Monographs, £12.50. 342 pages

Relax: the complex theology and politics of pacifism, conscientious objection, non-violent resistance, collective action, internationalism and neutralism do not swamp Dr. Ceadel in the least. At the very beginning of this tough, lucid monograph, he takes three sensible decisions: first, to make a clear distinction between pacifism and *pacificism*; second, to devote this book to pacifism alone; and third, to italicise *pacificism* whenever it appears in his text, not simply to acknowledge that its usage is artificial but also, thank God, to avoid visual confusion. We know we will get through these complicated shoals.

*Pacificism*, Dr. Ceadel explains, is essentially a political idea. Its adherents see the prevention of war as their main duty but accept that, however upsetting to purists, the controlled use of armed force may be necessary to achieve this. Pacifism, on the other hand is perfectionist. It is the personal conviction that it is wrong to participate in war or even, in an extreme version, to resist evil in any way. Looking at the history of pacifism thus allows us to consider the tension arising between the demands of conscience and of political duty. As he tells the story of the pacifist movement, Dr. Ceadel therefore keeps his eye on two beacons: the moral inspiration of various individuals, societies and factions (Christian, socialist, humanitarian) and their political attitudes (sectarian, collaborative, non-violent).

It is as well that he is so firm, for never was there such a bizarre crowd. Even a leading figure in the Peace Pledge Union admitted in the late 1930s that,

> "we are on the dangerous ground marked 'training for peace,' obviously the next thing is for us to talk about knitting, navel-gazing, morris dancing, and a diet of nuts."

Many of his associates did, with persistent dedication. Others changed their views as frequently as their marriages—like Middleton Murry, an apolitical intellectual, who switched to Marxism in 1931, pacifism in 1933 (at 10.15 pm on January 18), to supporting negotiations with Hitler in 1939, and, at the end of his life, to voting Conservative, a progress matched by that of his private life. In 1931 Murry's second wife, Violet Le Maistre, died of consumption (like his first wife, Katherine Mansfield) and his determination to endure the aggressive rages of his third wife, Betty (Violet's former maid) "involved a very personal commitment to non-violence." Meeting Mary Gamble, an energetic pacifist campaigner, developed his preference for community life; the decision to plump for individual freedom, live with her and abandon communal farming, consolidated his belief in individual freedom and the Tory Party.

Then there was Bertrand Russell, intellectually torn in 1917 on the question of pacifist attitudes to revolutions, hitherto merely academic but now "a pressing practical consideration"; Maude Royden and her Peace Army, enrolling people ready to put their bodies unarmed—"and there are ways you do not think of now in which it would be possible"—between the Japanese and the Chinese in Manchuria; Einstein, Joad, Dick Sheppard, Maurice Hankey (urging citizens' diplomacy with Germany in 1939), T. Dan Smith, Osbert Sitwell and Beverley Nichols . . . no oddity or irony is missing from this splendid book.

Fiction

## Porcelain girl

BY ISABEL QUIGLY

**The Girl in a Swing**
by Richard Adams. Allen Lane, £5.95. 367 pages

**The Iron Wolf and Other stories**
by Richard Adams. Allen Lane, £5.95. 142 pages

**World's End and Other stories**
by Paul Theroux. Hamish Hamilton, £6.50. 211 pages

**Black Tickets**
by Jayne Anne Phillips. Allen Lane, £5.95. 194 pages

*Watership Down* was not (one has to explain to people who dislike the idea) really a tale about rabbits. Though learned in rabbitry, it was really about the human condition in rabbit-skin. But the exactness of its detail was almost bewildering. Japanese academics are said to crawl over the Berkshire downs clutching Ordnance Survey maps, following the rabbits' journey, writing theses about it. But in writing directly about people, unfurred and undisguised, Richard Adams *runs* into trouble.

*The Girl in a Swing*, like *Watership Down*, has its layers —inner, outer, subjective, objective, supernatural, natural, possible, probable. Each is carefully described, meticulously recognisable, photographically exact. Layer one is Newbury, Berkshire, in 1974, with flashbacks to earlier days—the Greek play at Bradfield in 1958, for instance, even naming the master who produced it; and other such checkable things. There's a lot about ceramics, the narrator being a china dealer, and the girl in a swing a porcelain figure of extreme beauty and rarity; and a lot more about Berkshire, natural history, Denmark, china dealing, etc. etc.

Layer two is subterranean—visionary, terrifying, mythological. Hints abound, which you can pick up or leave. Visionary gifts in the narrator (unsought and feared by him) mean involvement in all kinds of past and present possibilities: murdered infants, drowned children, mythological figures, beauty allied with ruthlessness. Because everything is so exactly described, all this becomes peculiarly vivid and compelling.

But on the human side, things go less smoothly, less successfully. Richard Adams is a superb story-teller, but his tales read better when filtered by imagery, disguised by fur or feather, transposed into another world. Here, the echoes and reverberations are so many, so dense, that the central characters can scarcely support them, seem scarcely to justify them. The narrator seems commonplace, neither likeable nor interesting. He says things it is hard to take straight from someone supposed to be in his mid-thirties. "Flick, as we called her at home," he says of his sister, "had done an honest Beta double plus job at Malvern and Durham, taken a very decent second in History . . ." This pompous strain is reflected in his moral attitudes, which grate. It isn't clear where our sympathies are directed and this, in what is largely a love story, *makes things difficult*. A certain pedantry, too, grates slightly. Why, for instance, is København spelt so throughout (when Rome and Venice remain their normal anglicised selves)? And for my taste there are too many quotations (overt or covert) in the text.

The same goes for *The Iron Wolf and Other Stories*, folk tales involving animals, each one wrapped round in a recognisable human situation. Each starts and ends with a narrator setting up his own and his hearer's world — pub-keeper talking to American visitors on the Isle of Man, party of musical children arriving at Snape, schoolboy with friend, father with child, nanny with children: then goes on to the folk-tale and finally returns to its original human setting. *This* human part, though skilfully done, is somehow embarrassing, and the stories stand very much better without their tellers. A most handsomely produced book, this, with colour plates by Yvonne Gilbert and drawings by Jennifer Campbell that perfectly catch the writing's almost photographic realism.

Paul Theroux has the traveller's delight in places, artefacts and atmospheres, and, since he's an American, even his stories set in England are traveller's tales. The part of London where the title story of *World's End* is set has a strangely metaphysical name that of course applies to much else: to the

Richard Adams: approaching humankind.

hero's situation when he loses his peace of mind on hearing from his six-year-old son that someone called "Mummy's friend" has taken him out on *Box Hill*.

"The Greenest Island," the longest of the stories, is even more at the world's end, physically and spiritually: a young American pair await their child's birth in a small Central American town, in a single room; poor, and not even in love. It is in these melancholy tales that he is at his best, and at times can turn the heart over. The lighter satirical pieces are slight and unsatisfying. The best are not quite slices of life because they have a shape, but a *curious* one, unfinished, without a neat knot at the end.

Jayne Anne Phillips's stories are even less neatly knotted, in fact most of them are "pieces" rather than stories — short descriptions, anecdotes, varying in length from a page and a half up to 17 or so. But some are stories proper, with action and the passing of time. Understating for once, the blurb says that "*Black Tickets* marks the debut of a promising young writer." Faint praise, that sounds to me; this 28-year-old American has formidable gifts. She writes about the poor, the overworked, the wretched; about drugs, perversions, death, loneliness, strip clubs, orphans, a holiday-camp waitress in awful conditions of heat and rush; a dying mother — does she know, shall they tell her? This may sound depressing but writing as good as this is always exhilarating, always an excitement to come across to watch with expectation and with hope.

## Heiress crosses ocean

BY KATE MORRISON

**The Dollar Princesses**
by Ruth Brandon. Weidenfeld & Nicolson, £8.95. *214 pages*

Henry James speculated endlessly on the morals and attitudes that existed between the "old world" and the "new world" and on the contrast between American and European characters. The theme of the young, innocent, yet independent American heiresses is mirrored to some extent in Ruth Brandon's book. She chronicles the social, political and cultural impact that these belles *made in* Europe, who possessed along with cash, dash and originality, mothers who had an unerring eye for men of noble antecedents.

What is interesting here is the author's claim that America was not the social democracy that Europe believed it to be. The author maintains that class distinction in America was in some states more stringent than in London society. As Europeans did not recognise American class distinction this paradoxical state of affairs meant that girls who had not achieved social prominence over there often became leading lights in Europe.

The reverse of the journey embarked upon by their fortune-seeking grandfathers was often a case of travelling hopefully. Anna Gould, who married Boni de Castellane in 1895 did not find French family life to her taste. Consuelo Vanderbilt, who became the ninth Duchess of Marlborough, complained of the tedium of dining *alone with* "Sony" Marlborough; while, she added, "the butler was reading thrillers in the hall."

The author describes how these "princesses" paid for their youthful enterprise with the rest of their lives. Although the subject of this Edwardian transatlantic marriage market is a well-known theme, she approaches either side's respective motives for the alliances in lively fashion.

# ARTS

## Opaque apologia

BY ANTHONY CURTIS

While the annual literary guessing-game of who was going to win the Booker McConnell Prize for Fiction (£10,000) was at its height earlier this week, one of the chief contenders for the prize, Anthony Burgess, was lecturing on Radio 3 on *The Novel as Music*. I listened to Mr. Burgess on Monday night; on Tuesday at the dinner at which the name of the winner was announced (in the event it went to William Golding for *Rites of Passage*) I listened to the chairman of the judges, David Daiches giving a substantial address not just on the seven novels short-listed, but on a great many other modern novels as well. From both lectures I concluded that artistically, if not financially, the State of the Novel was in a much happier condition than the State of the Nation. Clearly we live in a prodigious period of novel-writing, prodigious in quantity certainly, but also I would hazard in quality. Mr. Daiches spoke of the Heroic Age inaugurated by Joyce and others in the 1920s and the resources inherited by the contemporary writer from that period. A degree of opacity, a measure of symbolism, is now accepted by the reader who has been trained to seek in novels something beyond narrative.

Mr. Burgess spoke as if the Heroic Age was still going on and as if all serious novels should be modelled on *Ulysses*. He drew a distinction between transparent writing, as in the best-selling Judith Krantz, Irving Wallace, Irving Stone, where the words merely serve as Perspex through which you see the behaviour and motives of the characters (Maugham, he says, is a superior kind of transparent writer) and opaque writing where the words on the page are living powers in their own right, an active element in the novel. Mr. Burgess treated his audience at the University of Kent, where his lecture was originally delivered, to an entertaining re-write of the first page of *Ulysses* as it might have been penned by a novelist of the Irving Stone school. He then went on to present a view of the modern novelist as a literary dandy, decking out his narrative in striking and elegant apparel of language, a concept for which the author of *Lolita* came readily to hand as a perfect specimen. Mr. Burgess concluded with a declaration of intent that will strike some lovers of the novel with dismay. The future, he affirmed, "lies in a greater and greater opacity."

Much as I enjoy the resonant use of language by a novelist, as for instance in Mr. Burgess's own novel about Keats *Abba Abba*, and much as I am gratified if I succeed in separating the various levels in a densely constructed work like that learned book, I do hope he is wrong. Some of the greatest novels do possess a transparent clarity of language. The opaque or "musical" element in "Saki," Graham Greene, V. S. Naipaul or Beryl Bainbridge is slight in contrast to the linear, lucidity of the writing and they would seem to be more fruitful models for an aspiring novelist than *Ulysses* or *Lolita*.

This is an argument that has been going on in various forms for a long time, ever since the turbulent era of Dada and Surrealism and in which we have never quite become, as in so many areas, a part of Europe. Sir Roland Penrose is someone who has spent his life mediating in the arts between England and Europe. With Herbert Read and David Gascoyne he first made England conscious of Surrealism in the 1930s, and he prepared the ground for a scholarly understanding of the paintings of his friend Picasso at the same time. He is a painter himself with a retrospective exhibition now on tour and also the author of a highly opaque poem, *The Road is Wider Than Long* "an image diary from the Balkans July-August 1938" which has recently been reissued with the original photos and typefaces, and whose title was used for a conversation between Edward Lucie-Smith and Sir Roland (Radio 3 October 11) to mark his 80th birthday. We heard an extract *from the poem*, amplified by contemporary radiophonics, which was in sharp contrast to the unaffected and urbane tones of its author.

Looking back over a long eventful life as both a connoisseur and a maker, Sir Roland spoke of his Quaker background with its remoteness from so many of those activities that later were to make his life worth living. And yet he wondered whether there was not some affinity between the doctrine of the inner light in which he had been brought up and the view of the subconscious as a source of instinctive wisdom that he learned from the likes of André Breton and Paul Eluard in the café of Montmartre. An hour in his company went by all too quickly.

"An Hindoo Temple, at Madura," from volume II of "Oriental Scenery" by Thomas and William Daniell.

## Intrepid travellers for art

BY BRIONY LLEWELLYN

IN LATE 18th century England few more exotic places were represented in art than "Lucknow," "Trichinopoly," "Mavalipuram" or "Ellora." These and many more were laid before an enthusiastic public between 1795 and 1810 in the form of aquatints published in the six-part "Oriental Scenery" each volume consisting of 24 plates and the smaller "A Picturesque Voyage to India by the Way of China." The artists were Thomas and William Daniell who in 1794 had returned from a journey to India that had lasted nearly a decade. The aquatints were popular then and have been ever since, with the result that complete sets are rarely found today. Individual plates, however, are not uncommon, and about 30 of some of the finest with three water colours and one small oil, were on view this week at Eyre and Hobhouse in Duke Street, St. James's. The exhibition marks the publication of Mildred Archer's "Early Views of India" (Thames and Hudson) which, for the first time reproduces, in good monochrome and colour illustrations the whole series of aquatints.

Although several artists in the 18th-century travelled to Europe, many following the Grand Tour to Italy, few had ventured as far afield as India. Artists had accompanied Captain Cook on his voyages to the Pacific and recorded the strange people and scenery they had seen there, and occasionally others went in the entourage of a diplomat or an explorer to the Middle East. Of the artists who had worked in India, only William Hodges, between 1780 and 1783, had travelled at all extensively, although his movements were restricted by ill-health and political unrest.

The two Daniells—uncle and nephew—stayed nearly eight years and were able to go further in their search for picturesque subjects. These they found in plenty, from the "sublime" mountains of *the Himalayan foothills* to the fantastical "Hindoo" temples of the south. The power of the East India Company had grown and large areas of the sub-continent were under British rule, but much of the territory through which the Daniells travelled was still unsettled and uncharted. Organising their expeditions themselves, they endured the extremes of Indian weather and encountered many dangers, but their fascination for the country and its monuments seems never to have diminished. They faithfully recorded Muslim mausoleums, Hindu shrines and hill-top forts perched on craggy outcrops of rock, always with an eye for a picturesquely situated palm tree or a suitably placed group of natives to add interest and atmosphere.

Although well-worn, the path to Italy was not without its hazards. The earliest travellers there from Britain were pilgrims in the middle ages, and it was not long before the first "guidebooks" appeared, in the form of advice, both practical and spiritual, about the country. The reactions of travellers to Italy, recorded in words and pictures, is amusingly represented in a small exhibition at the British Library (until October 26). "And keep you from all meat—salt, fat, dried, sour and raw": the late-fifteenth-century "Directions for Travel" warned, "and if you desire to eat lettuce or other herbs, do them to be boiled first." In the eighteenth century highwaymen infested the roads and, as well as padlocking the door of your vehicle, Thomas Nugent in "The Grand Tour" (1749) recommended, "'tis proper also to travel with arms, such as a sword and a pair of pistols." The sons of rich families were expected to take a guide or "bear-leader." Often both dissolute and apathetic, the pair were ridiculed by Henry William Bunbury in his "A Tour to Foreign Parts" (1778). Cook's tours began in 1864 and soon became famous. The package tour, not only to Italy but to what was once considered remote India, was in sight.

## O'Neill and Ionesco

BY MICHAEL COVENEY

The Royal Exchange, Manchester, is presenting an imaginative double bill by the two Eugenes: O'Neill and Ionesco. Both plays, separated by 30 years (1920 and 1952), deal, in contrasting fashion, with hallucination. *The Emperor Jones* was one of the first modern pieces to provide a major part for a black actor and it is an unfortunate irony that Errol John pulled out of Richard Negri's production two weeks ago on account of "artistic differences." He has been replaced by an excellent white actor, Peter Postlethwaite, whose performance manages a remarkable balance between negroid impersonation and tragi-comic disintegration.

O'Neill wrote the play on hearing about one of Papa Doc's predecessors, President Sam of Haiti. The Emperor is a former Pullman waiter who bails from New York and has brought his city slicker style to a West Indian island in order to seize power and line his pockets. Having maintained his position through a tyranny of superstition, he is driven by an uprising from the palace and is reduced to a gibbering wreck in a jungle full of noises, apparitions and witch doctors. The forces of superstition, in fact, take their revenge.

Mr. Negri, as architect of this exciting space, displays an admirable grasp of its potential. The realism of O'Neill's stage directions — with the walls of the forest closing in on the Emperor, white traders and crocodile gods looming out of the darkness — is transposed in a sustained exercise of technical wizardry. The drum beats echo threateningly around the theatre, the mirages are suggested by a vivid lighting plot and, in the scene where Jones imagines himself put up for auction, the audience is cleverly implicated in the nightmare. Best of all is the sacrificial climax, with the witch doctor (Carl Campbell) drawing Mr. Postlethwaite into a pulsating dance of death that clarifies his fate.

Mr. Negri's equal disregard for the minutiae of Ionesco's stage directions also pays rich dividends. Kenneth Tynan, who praised *The Chairs* on its first London showing in 1957, withdrew his support when the play was revived a year later, on the basis that it bored him second time round. Absurdism, too, had become a cult. This revival is no dusty absurdist exercise.

The Old Man and the Old Woman who fantasise an assembly arriving to hear the Old Man's message for posterity are quite beautifully played by Frank Thornton and Gwen Nelson. Instead of starting with a bare stage, the Exchange arena is piled high with chairs that are re-positioned as each new "guest" arrives in a spotlight. What emerges is a moving stage poem about growing old together. The highlight is the scene where, in an interwoven litany, Mr. Thornton celebrates the death of his mother while Miss Nelson talks of the son she never had who slammed the door on her at the age of seven.

Again, sound effects and lighting are deployed with thrilling ingenuity. The climactic arrival of the Emperor is signalled by crashing martial music and a barrage of battle sounds. The Emperor's chair — a toilet seat — descends in bright light from the roof. The acting, which is rather like a comic double act between Mr. Pastry and a disenfranchised Queen Mother, demonstrates that the piece can be played with scant respect for po-faced absurdist convention. It is sheer delight from start to finish, capped by the lush bohemian interjection of Mr. Postlethwaite as the one guest who *does* materialise, a hopelessly inarticulate Orator.

## Finland in Manchester

BY ARTHUR JACOBS

Not only *The Red Line*, which the Finnish National Opera brought to Sadler's Wells Theatre, but a number of concert works have drawn attention to the composer Aulis Sallinen (born 1935). His Fourth Symphony, received its first British performance on Thursday when his fellow-Finn Okko Kamu, conducted the Halle Orchestra at the Free Trade Hall Manchester.

Sibelius, thou shouldst be living at this hour, and perhaps thou art. At any rate there is a reminiscent moment in the finale of this symphony when, after agitated music, the trombones sustain firm chords and an intense theme rises above them. Giles Easterbrook of the Royal Northern College of Music suggested in a pre-concert lecture that the stress-accents of the Finnish language might partly account for the music relationship of the two composers—but that seems to be not the only connection.

Carl Nielsen, too, is recalled, the Fifth Symphony in particular with its improvised cadenza for snare-drum in the second of Sallinen's three movements, when a tenor drum solo takes on a similarly disruptive effect. The curiosity is not, however, the comparison with this or that older composer, but the fact that the music is old-fashioned enough—in its thematic build-up, and its regular rhythms—to make such comparisons possible. Nevertheless it is a pleasure to welcome, if not to praise extravagantly, a piece which appeals through the ingenuity of growth and balance and not through a parade of being up to date.

Mr. Kamu, conducted both the New Symphony and Bartok's Concerto for Orchestra with admirable control, and gave to Arve Tellefsen in Chaykovsky's Violin Concerto an accompaniment which faltered only in the bridge between the second and third movements. A Norwegian violinist known for more than a decade for his enviable combination of a dashing style, and an assured technique Mr. Tellefsen was a little perfunctory over Chaykovsky; both the first and second movements need to be "milked" for the fullest intense effect.

The Orchestra, of which I formed a favourable impression when James Loughran conducted it a fortnight ago, gave an alert response marred—at the opening of the Bartok and later—by dubious unisons and octaves of the string section.

## F.T. CROSSWORD PUZZLE No. 4,409

*A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10 Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.*

*Name* ..................................................

*Address* ..................................................

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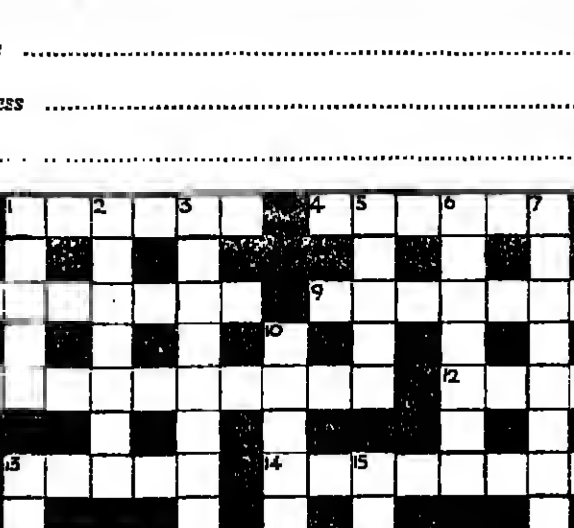


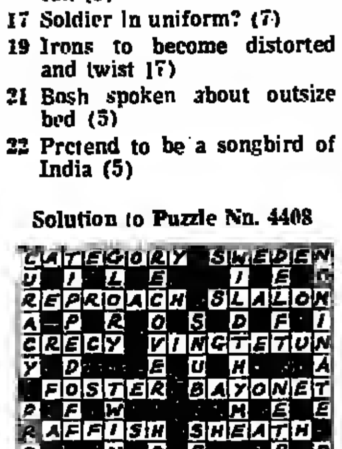
### ACROSS

1 One way to current contention (6)
4 Mother gets coin back from meal (6)
8 Refuse to bend down (7)
9 Surpasses beat in sailors' reel (7)
11 Almost entirely in fairly good health (6, 4)
12 Counter-tenor changed a lot (4)
13 Pitch containing religious person and animal (5)
14 Feathers to be placed along the side track from capital (4-4)
16 Mechanical power transmitter to press in box (4-4)
18 Chemical compound obtained from hybrid trees (5)
20 Boast about dress in return (4)
21 Order to soldiers in correct uniform (5, 5)
23 Biro and pig going around boundary (7)
24 Note a learner of the least possible size (7)
25 Uncommon state of thinness? (6)
26 Programme giving silver finish to article (6)

### DOWN

1 Downright deviation (5)
2 Turn pot upside-down in a flexible cover of slats (4-3)
3 Without amorous attachments. Imagine—it's priceless! (5-4)
5 Be of service to a state I left (5)
6 This month everybody needs place in an office (7)
7 Moderator takes a cooling drink about ten (9)
10 Youth and nurse grow old (6, 3)
13 Highest tower belonging to the upper classes (3-6)
15 Turn fish and catch-as-catch-can (9)
17 Soldier in uniform? (7)
19 Irons to become distorted and twist (7)
21 Bosh spoken about outsize bed (5)
22 Pretend to be a songbird of India (5)

**Solution to Puzzle No. 4408**



## TV/Radio

### BBC 1

† Indicates programme in black and white

9.05 am Better Badminton.
9.30 Multi-Coloured Swap Shop.
12.27 pm Weather.
12.30 Grandstand: Football Focus (12.35); International Motor Sport (1.05, 2.10, 3.55) from Donnington Park; Racing from Newbury (1.20, 1.50, 2.20, 2.50); International Snooker (2.40, 3.35, 4.30): The State Express World Challenge. International Tennis (3.10, 4.10): The Daihatsu Challenge. 3.50 Half-time Football scores. 4.40 Final Score.
5.10 The Basil Brush Show.
5.40 Doctor Who.
6.05 News.
6.15 Sport/Regional News.
6.20 Larry Grayson's Generation Game.
7.15 Juliet Bravo.
8.05 The Saturday Film: "SOS Titanic."
10.25 News and Sport.
10.40 Parkinson.
†11.40 Phil Silvers as Sergeant Bilko

All Regions as BBC 1 except as follows:

BBC Cymru/Wales—8.25-8.50 am Better Badminton. 8.50-9.30 Crackerjack. 6.15-6.20 pm Sports News Wales. 12.05 am News and Weather for Wales.

Scotland—4.55-5.10 pm Scoreboard (1). 6.15-6.20 Scoreboard (2). 12.05 am News and weather for Scotland.

Northern Ireland—3.10-3.55 pm Rallycross. 5.00-5.10 Scoreboard. 6.15-6.20 Northern Ireland News. 12.05 am News and weather for Northern Ireland.

England—6.15-6.20 pm (South-West only) Saturday Spotlight.

### BBC 2

10.35-11.25 am Open University.
†2.15 pm Saturday Cinema: "Go Into Your Dance," starring Al Jolson.
3.40 Adventure Game.
†4.25 Saturday Cinema: "Gold Diggers of 1935," starring Dick Powell and Gloria Stuart.
6.00 International Snooker.
7.00 News and Sport.
7.15 Rugby Special: Swansea v The All Blacks.
8.05 The 16th Cambridge Folk Festival.
8.55 News on 2.
9.00 International Tennis: The Daihatsu Challenge.
9.35 International Snooker.
10.25 The Trial of Lady Chatterley: Reconstruction of the (unsuccessful) prosecution of Penguin Books in 1960.
†11.45 Edward G. Robinson in "Kid Galahad," with Humphrey Bogart and Bette Davis.

BBC 2 Northern Ireland only —1.50-2.15 pm Tomorrow's World.

### LONDON

8.35 am Sesame Street. 9.35 Chopper Squad. 10.30 Tiswas.
12.00 pm World of Sport. 12.05 International Sports Special (Part 1). Gymnastics: The World Cup 1980 Men's All-Round Championship from Toronto. 12.45 On the Ball. 1.15 News. 1.20 pm The ITV Six: 1.30, Stratford; 1.45, Doncaster; 2.00, Stratford; 2.20, Doncaster; 2.35, Stratford; 2.55, Doncaster. 3.10 International Sports Special (Part Two) Motor Cycling from Brands Hatch. 3.50 Half-time Soccer Round-up. 3.55 Sports Special (Part Two). Boxing The WBA Heavyweight Championship of the World from Bophutatswana. Mike Weaver (U.S. holder) v Gerrie Coetzee (South Africa). 4.50 Results Service.
5.05 News.
5.15 Metal Mickey.
5.45 Buck Rogers in the 25th Century.
6.45 Up for the Cup.
7.30 Vacation in Hell (1979), starring Michael Brandon.
9.15 Hammer House of Horror.
10.15 News from ITN.
*10.30 The Big Match.*
11.45 Pro-Celebrity Snooker.
12.30 am Personal choice with Kingsley Amis.

All IBA regions as London except at the following times:

### ANGLIA

5.30 am The Beachcombers. 8.55 Rocket Robin Hood. 10.15 Mystery Island. 11.30 pm Paris. 12.25 am The Late Debate.

### ATV

9.10 am Positive Soccer with Jack Charlton. 9.35 Save It! 10.00 The Adventures of Black Beauty. 11.45 pm The Late Movie: The Harrad Experiment with James Whitmore.

### BORDER

9.10 am Soccer. 9.30 Save It. 10.00 Call it Macaroni. 10.15 am News and Border Weather. 10.30 Shoot. 11.40 WKRP in Cincinnati.

### CHANNEL

5.05 pm News, followed by Channel Islands weather. 5.14 Puffin's Pla(i)ce. 11.45 Target Bowls. 12.00 am Next Step Beyond.

### GRAMPIAN

8.30 am Spidermen. 10.00 The Adventures of Black Beauty. 10.30 pm Scotsport: International Curling Tournament. 11.30 Baretta. 12.25 am Reflections. 12.30 Seachd Laitheen.

### SOUTHERN

9.00 am Sesame Street. 10.00 The Adventures of Black Beauty. 10.27 Regional Weather. 11.45 pm Southern News. 11.50 Lou Grant. 12.45 am Weather, followed by A Nice Girl in a Chinese Opium Den.

### TYNE TEES

9.00 am Saturday Shake Up. 9.05 Cartoon. 9.10 Saturday Shake Up. 9.20 Robot. 10.05 Saturday Shake Up. 10.25 "It Came From Beneath the Sea." 11.45 Saturday Shake Up. 11.55 Check It Out Extra. 5.13 pm North East News. 10.30 Shoot. 11.40 Vegas. 12.35 am Three's Company.

### ULSTER

5.35 am Talking Bikes. 10.00 Tarzan. 10.50 Cartoon Time. 11.00 Sesame Street. 5.13 pm Ulster News. 10.29 Ulster Weather. 11.45 Bedtime.

### WESTWARD

5.30 am Talking Bikes. 9.55 Look and See. 10.00 Spidermen. 10.25 Gus Honeybun's Birthdays. 12.27 pm Westward News. 5.14 Westward News and Scoreline. 11.45 The West Tonight. 12.00 am Next Step Beyond. 12.25 Faith For Life. 12.30 West Country Forecast.

### YORKSHIRE

9.00 am Positive Soccer. 9.25 Spiderman. 5.40 BJ and the Bear. 11.45 pm The Palace Presents.

### RADIO 1

(S) Stereophonic broadcast
‡ Medium wave only

5.00 am As Radio 2. 7.03 Playground. 8.00 Tony Blackburn with Junior Choice. 10.00 Steve Wright. 1.00 Adrian Juste (S). 2.00 A King in New York (S). 2.05 Paul Gambaccini (S), including 3.00 U.S. Top 30. 4.00 Rock On Saturday (S), including 6.31 In Concert featuring Split Enz.

### RADIO 2

5.00 am News Summary. 5.02 Tom Edwards (S), including 8.03 Racing Bulletin. 8.06 David Jacobs with Star Sounds (S). 10.02 Steve Jones' Saturday Show (S). 1.02 pm The News Huddlines. 1.30 Sport on 2. Football Special (1.30, 2.00, 2.30, 3.00, 3.20, 3.45, 3.55, 4.42, 5.00, 5.50), Live second-half commentary on one of today's top matches. Doncaster Racing (1.30, 1.40, 2.15, 2.50, 4.50, 6.45). International Tennis (1.30, 1.50, 2.35, 3.10, 3.35, 4.55, 5.30), Daihatsu Challenge. Rugby Union (1.30, 2.10, 3.05, 3.25, 4.50): Swansea v All Blacks. News of Three County Championship games. 5.00 Sports Report, including *classified soccer results.* 5.25 Rugby round-up. 5.45 Racing results. 5.50 Latecomers' soccer check. 6.03 Europe 80. 7.02 Beat the Record. 7.30 Big Band Special (S). 8.02 Cliff Richard in Concert with The Sky Band. (S). Highlights from his 1979 tour, including 8.30 Interval: Brian Matthew recalls Cliff's early days. 10.02 Hilversum Greets Radio 2: British vocalists with Dutch instrumentalists and the Metropole Orchestra of Dutch Radio (S). 11.02 Sports Desk. 11.10 Bob Kilby with The Late Show (S), including 12.00 Midnight News. 2.02-5.00 am You and the Night and the Music with Colin Berry (S).

### RADIO 3

8.00 am News. 8.05 Aubade Concert: Vaughan Williams, Mahler, Strauss, Glazunov (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release of music by Handel, Francisco Valls (S). 11.15 Bandstand Concert: Dukas, Gilbert Vinter, Vaughan Williams (S). 11.45 I Know What I Like (S). 1.00 pm News. 1.05 Early Music Forum (S). 2.00 Play It Again (S). 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 The Organ Works of J. S. Bach (S). 7.15 Shostakovich (S). 7.30 Lucia Di Lammermoor Opera by Gaetano Donizetti (Act 1) (S). 8.15 Opera in Naples: talk by John Black. 8.35 Lucia Di Lammermoor (Act 2) (S). 9.20 Mixture of Faces: Professor John Figueroa considers the work of the Caribbean poet and playwright, Derek Walcott. 9.40 Lucia Di Lammermoor (Act 3) (S). 10.45 St. Crispin's Day: A celebration of two famous battles that took place on this day in 1415 and 1854 (S). 11.15 News. 11.20-11.30 Colin Tilney: Clavichord music by W. F. Bach (S).

VHF only—Open University. 7.35-7.55 am Consumer Decisions.

### RADIO 4

6.25 am Shipping forecast. 6.30 News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather. 7.00 News. 7.10 On Your Farm. 7.40 Today's Papers. 7.45 Yours Faithfully. 7.50 It's a Bargain. 7.55 Weather. 8.00 News. 8.10 Sport on 4. 8.45 Today's Papers. 8.50 Yesterday in Parliament. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 Talking Politics: Barbara Castle's "Diaries." 10.30 Daily Service. 10.45 Pick of the Week. 11.35 From Our Own Correspondent. 12.00 pm News. 12.02 Money Box. 12.27 The Burkiss Way (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping forecast. 2.00 News. 2.05 Wildlife. 2.30 Middlemarch by George Eliot (2) (S). 3.25 Join Radio 3. 5.00 Folktales. 5.25 *Week Ending* (S). 5.50 Shipping forecast. 5.55 Weather. 6.00 News. 6.15 Desert Island Discs. 6.55 Stop the Week with Robert Robinson. 7.35 Baker's Dozen: Richard Baker with records (S). 8.30 Saturday Night Theatre: "The Last Invasion of London," by John Robert King (S). 10.00 News. 10.15 The Songwriters' Guide to Victorian Sensations: Roy Hudd explores topics which inspired Victorian popular songs (S). 11.00 Lighten Our Darkness. 11.15 Such a Life: Mrs Gaskell and Charlotte Bronte. 12.00 News. 12.15 am Shipping forecast.

### BBC Radio London

5.00 am As Radio 2. 7.32 Good Fishing. 8.00 News, weather, traffic. 8.15 Weekend What's On. 8.30 Bob Powel's London Country. 10.03 Stuart Colman's *Echoes.* 11.30 *The Robbie Vincent Show.* 2.00 pm Time Off. 2.45 "Sounds Good," for hi-fi enthusiasts. 3.00-6.00 am Join Radio 2.

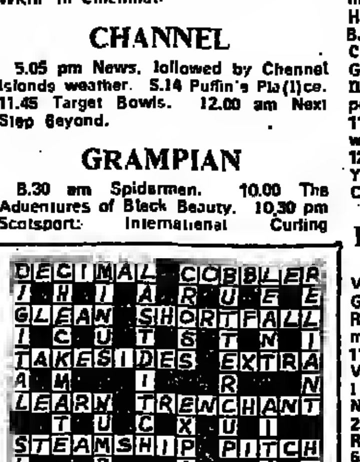
### London Broadcasting

7.00 am AM—Bas Fahy. 10.00 Jellybone—Tommy Boyd. 12.00 LBC Reports—Steve Wood. 1.00 pm Sportswatch. 6.00 LBC Reports. 7.00 Goal Mala. 8.00 Network: The Coventry Blitz. 9.00 The London Interview. 10.00 Jenny Lacey: Nightline. 1.00 am Night Extra. 4.00 Hayes on Sunday. 4.30 Decision Makers. 5.00 Morning Music.

### Capital Radio

6.00 am John Sachs's Breakfast Show (S). 9.00 Capital Countdown with Peter Young (S). 12.00 "Cash Country," with Dave Cash (S). 2.00 pm Duncan Johnson's Afternoon Delight (S). 5.00 Greg Edwards's Soul Spectrum (S). 8.00 Nicky Horne's Six of the Best (S). 11.00 "Roots Rockers," with David Rodigan (S). 1.00 am After Midnight with Richard Allinson (S). 4.00 The Collection (Classical Music) (S).

**SOLUTION AND WINNERS OF PUZZLE NO. 4403**



Ms. Lois Howat, 32, Stone Edge Road, Nelson, Lancashire BB9 6BB.

Mr. J. S. Riggs, 6, Kings Keep, Putney Hill, London, SW15.

Mrs. M. N. Sinclair, 1, Somerset Avenue, Hamilton, Scotland.

**CHESS SOLUTIONS**

**Solution to Position No. 343**

1 R-Q8 (threat 2 QxN). If now 1...N-B5; 2 N-Q4, Q-B2; 3 RxB ch wins, or if 1...Q-B4; 2 QxP ch, K-R2; 3 R-Q5 wins. The game ended 1...N-N4; 2 Q-N4! N-Q3; 3 Q-N8, Resigns. The bishop is lost.

**Solution to Problem No. 343**

1 N-B3, P-K6; 2 R-N5, P-Q3; 3 N-Q5, and 4 NxB mate. If 1...P-Q3; 2 B-Q1, P-K6; 3 N-K2, and 4 NxR mate.

# COINS

## Byzantine gold bargains

BY JAMES MACKAY

THE WORD 'byzantine' conjures up an image of decadence and corruption, due in large part to the bad press the Byzantine Empire bas bad from the time of the historian Gibbon onwards. It is only within the past decade or so that this image has been revised and the Eastern Empire seen in a new light—not so much imperial Rome in its death throes as a remarkably durable bridge between the ancient and medieval worlds, between East and West, with a fascinating culture of its own, based on the Christian religion.

Every schoolboy knows that Constantinople was the repository of learning and culture during the Dark Ages and that the exodus of scholars westward when the city fell to the Turks helped to precipitate the great cultural movement known as the Renaissance. Considering the importance of Byzantium in our cultural heritage, however, it is surprising how little is generally known—and much of that distorted by the interpretation of 18th century historians—about this empire which endured a thousand years.

For this reason its coins were a minority interest within a minority interest: few students of Greek and Roman coins bothered with the lengthy Byzantine series, deterred by the apparent monotony of its endless portraits of a stern Christ and the crudity of the engraving. The ultra-conservatism of the Byzantine rulers led to the retention of coin designs for centuries, long after the significance of the designs had disappeared, and the degeneration of those designs only compounded the confusion.

Students who persisted with the Byzantine coinage found that the baffling and bewildering array of apparently similar pieces concealed an astonishing variety of inscriptions, subtle additions to the designs, overstrikes, countermarks and *changes in weight and fineness* which reflected the political and economic upheavals of the empire. The empire itself, though mainly covering the Balkans and Asia Minor, fluctuated in size from something approaching the old Roman empire at its greatest to a few square miles in the hinterland of Constantinople. The ambition of many Byzantine emperors was to re-establish control over Rome itself, and at times a few came close to realising that aim. Not only does their coinage span a period of 1,100 years, but Byzantine mints at one time or another operated as far apart as Carthage and Cherson in the Crimea. Sicily wielded a strong artistic influence on Byzantine coinage, through the important mint at Syracuse which flourished till 878 when the city fell to the Arabs.

In addition to the coinage of Byzantium there was the allied series produced by the Empire of Trebizond, which broke away from the tottering Byzantine state in 1204 and actualy survived it by eight years, not surrendering to the Turks till 1461. Both the Vandals of North Africa and the Ostrogoths of Italy struck coins closely modelled on the Byzantine issues and these are particularly confusing to the beginner. Laterly the Armenians, the Turkish tribes and the ephemeral Crusader states imitated the Byzantine coinage, adding yet another dimension to this remarkably diverse series.

The Byzantines struck copper coins in great abundance and these are still plentiful, augmented periodically by spectacular hoards which turn up in Syria, Lebanon and Israel to this day. At one time Byzantine coppers could be picked up in large parcels at auction for a modest outlay and were the happy hunting ground of impecunious scholars, but nowadays they tend to pass through the saleroom in twos and threes and their value has risen 20-fold in the past 10 years.

Relatively little use was made of silver, and the few Byzantine pieces in very fine condition fetch correspondingly high prices—up to £20,000 in the case of a few exceptional pieces. Byzantine gold coins, however, were both reasonably plentiful and comparatively undervalued until recently, and even now they still offer considerable scope to the discerning collector and investor. It is still possible to buy some of the commoner coins for £100. Others which are at present in the £250 to £500 range have even brighter prospects. The principal coin was the gold *solidus*, with its fractions the *semissis* (half) and *tremissis* (third). At first these coins had three quarter facing military busts (*solidi*) and profiles (lower value) on the obverse with a Winged Victory on the reverse, gradually giving way to full facing busts with a stepped cross reverse.

About 692 A.D. the full-face portrait of Christ was placed on the obverse and a standing portrait of the emperor relegated to the reverse. In the period 726-842 when the veneration of religious images was forbidden a galaxy of imperial portraits was substituted, as many as five emperors past and present appearing on a single coin. Later coins re-introduced the portrait of Christ but continued the prolific series of imperial portraits on the reverse. As Byzantine emperors changed with the frequency of Italian premiers this range is exceedingly large and varied.

The largest collection of Byzantine gold coins to appear in a British saleroom since the dispersal of the Platt Hall collection in 1950 comes under the hammer at Bonhams on December 3. The 400 items have an estimated value of £300,000, but this seems on the low side bearing in mind the recent intervention of Bunker Hunt in the Byzantine market.

Several coins in the collection are expected to make in the region of £15,000 each and include a *solidus* of the Armenian usurper Artavasdes (742-44 AD) and an exceptionally rare Visigothic *solidus*, thought to be the first ever to appear in a saleroom. There is a fine example of a *solidus* of Constantine IX, struck in 1054. The stars flanking the portrait allude to the supernova first sighted that year and recorded by Chinese and Japanese astrologers.

# CINEMA

## The Primacy of Paris

BY NIGEL ANDREWS

AT THE end of summer the Parisians return to Paris and Paris returns to its bustling primacy as Europe's capital of filmgoing. London has been improving by leaps and bounds in recent years as a mecca for movie-lovers, but it still cannot match its Paris counterpart and this year the autumn Paris season in the cinema is a winner. Not only have new films from Truffaut and Chabrol arrived to spearhead the home output, but the big American films are doing big business under their foreign aliases (*L'Empire Contre-Attaque* etc.) and October has seen the unveiling of a large and splendid exhibition devoted to French cinema through the decades.

If you are in Paris, hotfoot it instantly to the *Conservatoire National des Arts et Metiers* which houses this treat. I was in the city before the exhibition's official opening date, so I was shown round while last-minute tinkerings were in progress and glass-cases still being shuffled into position. But the show still looked grand. Nesting under the title "*Image et Magie du Cinema Francaise*," its five enormous rooms feature everything from the earliest movie cameras and projectors to the newest geegaws of an ever expanding and unpredictable technology. In between there are scripts (the original Mss of *La Règle du Jeu* and *L'Atalante*, for example), costume designs, music scores, set models, and monuments and marginalia of all kinds.

Some of the exhibits have wandered over from the famous Cinémathèque Museum, and aficionados of that treasure-house will recognise much of the memorabilia of Lumiere and Melies, the French film pioneers, on display. But never mind if the familiar jostles with the unfamiliar. It's still a momentous tour of movie history, and you should move soon if you want to see it. Closing date is November 10.

Francois Truffaut is still cranking out films at such a youthful and vivacious rate that you're always afraid you have missed the last two. Here, though, is his *bona fide* latest. It is called *Le Dernier Metro*, and it is a sturdy, piquant little period thriller set in Paris during the German occupation.

Truffaut has said that the film was inspired by Ernst Lubitsch's 1942 comic classic *To Be or Not to Be*. Lubitsch's piece, which starred Carole Lombard and Jack Benny, was set in wartime Warsaw and it depicted the uproarious tribulations of a Polish acting troupe caught up inadvertently in the Resistance movement.

*Le Dernier Metro* is less a comedy than a sentimental thriller. Sentimental, though, in the best sense, for Truffaut's interest is in the subtle workings of the heart at a time and in a place where secrecy and camouflage are *de rigueur*. Catherine Deneuve ploys Truffaut's equivalent to the Lombard role as the Paris troupe's leading actress and manager's wife, and round her cluster Gérard Depardieu as the company's newly-signed leading man (Miss Deneuve falls in love with him), Heinz Bennent as Miss D's Jewish husband (thought to have fled the country but actually secreted in a cellar under the stage), Jean Poiret as an Olivier-like deputy manager and Andrea Ferreol as a buxom lesbian actress.

The film is a fascinating little merry-go-round of overt and covert emotions, as Truffaut bows not only to Lubitsch but also to his beloved Hitchcock in tiny ploys of menace and subterfuge: conversations seen but not heard in the sinister distance, silhouettes behind glass, ominous plays of light and shadow. It's a moody, poetic, beguiling film — soon, let's hope, to come to London.

Chabrol's new film is *Le Cheval d'Orgueil*, untranslatably translatable as *The Horse of Pride*, and for devotees of this film-maker's witty bourgeois thrillers of yesteryear—*Le Boucher*, *Une Femme Infidele* et al—it's a startling change of pace. Chabrol has gone to Brittany and done a sort of period French *Akenfield*: chronicling peasant life and rural rituals at the turn of the century.

Early fears that this is going to be two hours of Morris dancing and bread-making Gallic-style are kept at bay by Chabrol's mischievous pointing-up of the more bizarre features of rustic life. A newly wed couple's marriage-bed is set into the wall behind cupboard doors, whereon the wedding guests ceremoniously knock to ply them with well-wishing food and wine. A gaggle of village wives queue up outside the local bar of an evening, ready to club on the head any husband who walks out drunk or obstreperous. (One wife, having so zonked her spouse, promptly wheels him off home in a barrow.)

But the film also, if truth be told, has its *longueurs*. The absence of any connecting storyline means that interest fluctuates wildly according to the differing quality of the disjointed vignettes, and throughout there is far too little scope for Chabrol's great strengths as a storyteller—his black humour and sardonic darts at human hypocrisy. Now that he's had his change-of-pace—and cleaned up some fine reviews from the French Press, incidentally—let's hope he starts flexing again his cynical poetry of yesteryear.

Lastly, a word about that now venerable *cause célèbre of a movie*, *Histoire d'O*, which is still playing in Paris at the whiskery age of five years old and hasn't reached Britain yet because of censorship resistance.

It's true that sado-masochism looms large in this modern-dress version of the famous erotic novel: true also that the heroine is whipped more often than a syllabub. But to those wishing to keep the film out of the country, it's worth saying that Just Jaeckin's direction is really fabulously stylish and inventive: a marvellous collage of golden swoops and vertiginous angle which, far from being peepshow pornography, catches with the very pulse of its camerawork the delirium of eroticism. Can we not persuade the censor to allow this film, after five years' languishing, into the country? Or is Britain so morally fragile that it must go on being the most cinematically overprotected country in Western Europe?

Above: Catherine Deneuve in "Le Dernier Metro." Left: a scene from 'Le Cheval d'Orgueil'

## Gothick writer's legacy

COLLECTING

JUNE FIELD

*Oh my God, so many things! I trust to the Saint they are not junk and unworthy of this sanctuary and refuge of Good Taste:*

William Beckford,
September 18, 1813

WITH William Beckford's Bath home opening today in a new guise, I feel that it is appropriate to draw attention to the distinctive exhibition "Beckford and Hamilton Silver from Brodick Castle," which, in conjunction with the National Trust of Scotland, opens at Spink's in London next month.

Particularly as many of the treasures were originally in his three residences—the ill-fated Gothic-style Fonthill Abbey in Wiltshire, as well as at 20, Lansdown Crescent, Bath, and in the tower that he had built on land at the bottom of the garden there. For it was to Bath that Beckford went after the sale of Fonthill, the *Bath Chronicle* reporting on 2 July, 1823: "Mr. Beckford is arrived at his house in Lansdown Crescent and engaged in making extensive alterations and arrangements for his unique pictures, books and other rare and costly specimens of art."

The exhibition, to be held from 4 to 28 November, at Spink's, 5, 6 and 7, King Street, St. James's, SW1, is insured for £500,000; it will show a selection of richly ornamented silver and gold articles acquired over nearly a century by the two eccentric but dedicated collectors, William Thomas Beckford (1760-1844), millionaire, connoisseur, builder, designer, and author of the oriental tale *Vathek*, and his son-in-law, the 10th Duke of Hamilton (1767-1852).

Beckford unfortunately, had a reputation that left much to be desired, becoming involved, not long after he was married, in an Oscar Wilde-type episode, the Powderham scandal, which actually never came to court. But the publicity resulted in him being ostracized by English society, and the title he so coveted, denied to him. His name was actually gazetted and Lord Beckford of Fonthill inscribed on the patent.

James Lees-Milne, in his evocative memoir *William Beckford* (Compton Russell 1976), best sums up his appeal, calling him a 19th century intellectual who possessed the attributes of the universal man: "He judged causes and events as a cosmopolitan . . . As writer, builder and collector Beckford was, as far as style goes, ahead of his time . . . and throughout his long life he was the consistent champion of the right of every man to his own opinions and conduct, so long as no harm was thereby caused to others."

Beckford had two daughters by his wife Lady Margaret, and the younger and favourite was Susan Euphemia (1786-1859), who married Alexander, Marquess of Douglas, afterwards the 10th Duke of Hamilton; a cousin of his father-in-law, the Duke was in fact near in age to him, being nearly 20 years younger than Susan.

On Beckford's death he bequeathed his collections to Susan, and while some were sold in 1845 and 1848, the greater part was transferred to Hamilton Palace. The larger and most valuable pieces were eventually dispersed at the 1882 sale, but many of the smaller pieces were sent to Brodick, Buteshire.

As Mr. John Hayward says in his introduction to the Spink catalogue, it is these pieces that "form the most substantial and representative single collection of Beckford's silver . . . (and), as a colector he enjoyed the great advantage of being able to draw upon the flood of works of art that were released as a result of the French Revolution, and was moreover, able to make his purchases at very fashionable prices."

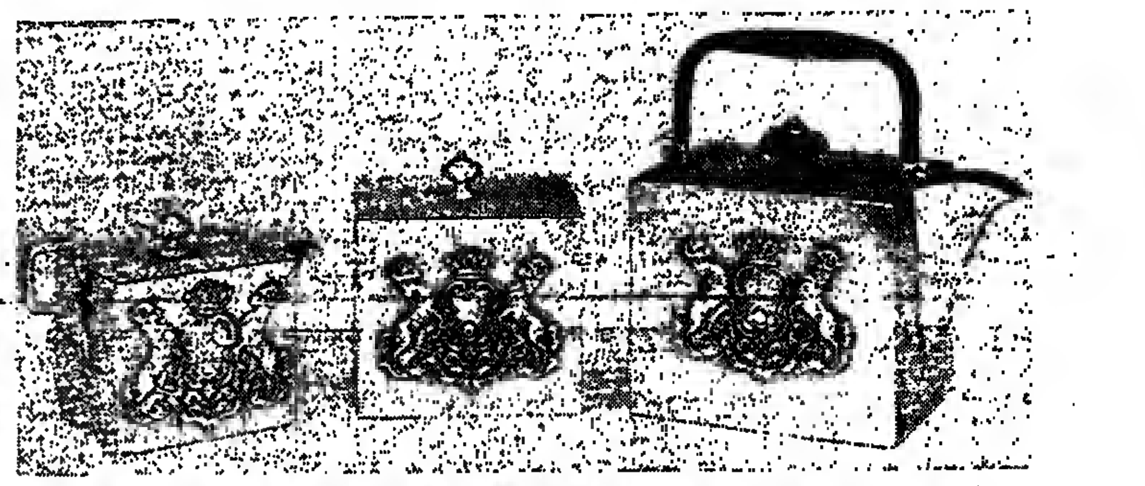
And as Mr. Michael Snodin and Mr. Malcolm Baker, assistant keepers at the Victoria and Albert Museum, point out in their scholarly articles "William Beckford's Silver" in the next two issues of the *Burlington Magazine*, "the remarkable contemporary plate he commissioned throughout his long life has gone virtually unnoticed."

For Beckford was not only a patron who paid for his *objets d'art*, but was often responsible for the design of them too, commissioning a large amount of items from contemporary craftsmen. And it was Mr. Clive Wainwright, also of the V and A, whose research established that a silver-mounted agate cup and cover in the Museum was made for Fonthill Abbey.

In the exhibition there will be many everyday domestic pieces that Beckford had made, such as a silver toasted-cheese dish made by John Robbins, plus soup and sauce tureens, porcelain plates, cups and saucers, gold tea spoons, and what could have been Beckford's travelling teapot as it looks so well used. The stand is a later French addition, and as he was in France between 1788 and 1789, it could possibly have been made then to replace the lost English version. It is the only example at Brodick of silver made by Henri Auguste, a goldsmith much patronised by Beckford.

The lighting effects at Fonthill were always much admired, achieved by rows of candlesticks. Various pairs will be on display, some with the marks of John Scofield (there are several spellings), whose work was considered on a par with Auguste's, and Benjamin II, who worked with Matthew Boulton. A pair of silver-gilt wall sconces were made by Paul Storr, the outstanding Regency goldsmith who worked for the Royal goldsmith Rundell between 1807 and 1819.

For study before the exhibition, the catalogue should be available this week from the *Press Office* at Spink's (£5, plus 50p postage); and the November issue of *The Burlington Magazine* will have "William Beckford Silver I," with part II in the December issue (£3.50 each, plus £1 postage from The Burlington Magazine, 4 Bloomsbury Square, London, WC1 2RL).



Silver tea service, London 1819, maker's mark Robert Garrard, which will be in the Beckford and Hamilton Silver from Brodick Castle exhibition at Spink and Sons, 5, 6 & 7 King Street, London, SW1, 4-28 November.

Pair silver-mounted carved pear-wood figures, Dutch, late 18th century, of a fish seller and a necromancer, to be featured in the exhibition Beckford and Hamilton Silver from Brodick at Spink, King Street, London, SW1, November 4-28.

FINANCIAL TIMES

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Saturday October 25 1980

# Sterling is a policy issue

THERE IS a difference, said Sir Maurice Hodgson, in announcing the unprecedented third-quarter loss at ICI, between a bracing climate and freezing to death. "Adjustments to the present high level of the pound require changes in efficiency and performance that are beyond reasonable attainment in the time we have had available. It is very important that sterling should be reduced in value. I am less confident in suggesting how this should be done."

Coming from the chairman of a large and internationally respected company now suffering extreme pressure in international markets, this is a remarkably calm and balanced statement of what is now being recognised by Ministers as well as by industrial leaders as an urgent problem. The Government's monetary strategy was designed to produce a bracing climate, and it is working. Wage claims have moderated, managements are devoting long-overdue efforts to reducing costs, and now indeed regard as tolerable and even helpful a level for sterling which only a few months ago was regarded as impossibly high. The Government has until recently regarded its broad strategy as on target, and had some evidence to support it.

### *Complacent*

In the last three months, a succession of shocks has shown that this view was too complacent. First, the money figures for July and August showed that the monetary control which was supposed to be the prime mover in events was an illusion; what had occurred could be explained simply by high interest rates, North Sea oil and the consequent strength of the exchange rate.

More recently, it has become clear that the recession, which was in any case expected, is deeper and will last longer than previously forecast. Unemployment has risen past the point where it could be shrugged off as a temporary side-effect of a deflationary stance. Finally, the recent sharp rise in sterling can only intensify the problem.

The first difficulty for the Government is to judge how seriously the most recent rise should be regarded. Sterling is usually strong in the last three months of the year, a pattern which may have something to do with the flow of investment income, the effect of seasonal oil purchases on other currencies, or even perhaps the more plentiful supplies of home-grown food. On top of this the troubles in the Middle East and the recent rise in the spot price of oil are bullish factors for sterling: and the high recent level of money market rates in London, reflecting gilts settlements, oil tax payments and banking portfolio adjustments, has attracted further speculative flows.

However, on a longer view the Government does now recognise that it is not simply the victim of bad luck. By pursuing a fiscal policy and a policy for public sector wages which was inconsistent with its own monetary objectives, it placed an undue burden on high interest rates as the sole means of achieving monetary restraint. The fact that monetary control was not in fact achieved intensifies the problem, because it increases the confidence of foreign holders that interest rates will remain high.

### *Influence*

Although it is clear that the fundamentals—North Sea oil and a strong current account—would in any case argue for a high value for sterling, interest rates are still clearly an important marginal influence. The most recent run into sterling and the dollar was initiated by bad U.S. monetary figures, suggesting a further rise in rates, and by the news that the British minimum lending rate was unchanged.

For some time now the Government, partly for this reason, has been giving the highest priority to creating conditions in which interest rates might be allowed to fall without undermining its monetary objectives. Modest pay settlements in the public sector are now a central objective; a secondary but important one is to make room in the capital markets for some funding of corporate debt. Urgent and sometimes clumsy attempts are being made to achieve cuts in public expenditure—though where these involve reduced capital spending, or higher public sector charges, the results simply add further burdens to the private sector. Meanwhile, the technical review of monetary control continues its agonisingly slow course.

### *Alternatives*

These are all steps which need in any case to be taken in order to get Government policy back on to the right track; the fact that they would reduce the pressure on interest rates and the exchange rates is in some ways incidental. The question now is whether the exchange markets will allow the Government time for this orderly course correction. The available alternatives—inward exchange controls, intervention in the exchange markets, or a cut in interest rates enforced for external reasons—are all highly unattractive and could easily backfire: but as other managers of strong currencies—even the Swiss—have found, market pressures can sometimes overwhelm even the soundest arguments for a time.

## BRITAIN'S RETAILERS

# Dreaming of a bright Christmas

**David Churchill reports on the retail industry's struggle to persuade shoppers to spend money on consumer goods in the middle of the recession.**

BRITISH shoppers have never had it so good. For the past 12 months the country's High Streets have been awash with bargains in all sectors—from clothes to furniture to washing machines.

Even now, when traditionally retailers are assessing prospects before the pre-Christmas sales rush, the bargain bonanza is continuing. The Debenhams stores group, for example, which has 72 stores throughout the UK, has just launched a "half-price" sale on £10m worth of goods. It is the store group's biggest sales promotion in mid-season and comes hard on the heels of last week's interim pre-tax profits slump from £4.7m to £1.2m.

Debenhams is not alone in having a bargain sale only two months before Christmas. It is hard to find a retailer who is not still having a price promotion of one sort or another. Mr. Richard Weir, director of the Retail Consortium which represents most groups, believes it is unprecedented for clearance sales to be launched so soon before Christmas. "It is certainly very difficult to think of a previous occasion when sales started at this time," he says.

But in spite of the abundance of bargains Britain's shoppers have been unwilling—or unable—to cash in. Government figures published earlier this week show that retail sales in September fell to the lowest level for three years. Sales in the July to September quarter were more than 3 per cent below the level for the first three months of the year.

Not surprisingly all the major retail companies have suffered, though in varying degrees, from the recession—from the fall in Woolworth's interim profits from just over £16m to £221,000 to the drop in British Home Stores interim pre-tax profits from £13.2m to £10.65m announced on Thursday. Even Marks and Spencer, for long the paramount British retailer, reported a profits drop of 11 per cent last week from £77.4m to £68.9m—although this was considered by the City as a "triumph" in the light of the other retail results.

A widely quoted axiom in the retail trade suggests that when Marks and Spencer sneezes most of its competitors have already caught a cold. The cold seems to have developed into rather a bad case of influenza.

The crucial question for retailers is whether the slump has "bottomed out." The final quarter of the year, and especially the eight weeks or so before Christmas, is the most important time of the year for many retailers, when the bulk of their sales and profits are achieved.

The performance of retailers in general will depend on three factors—the pressure on profit margins from rising costs; the extent of their stock levels; and whether demand picks up sufficiently for a pre-Christmas spending spree.

It is all too clear from the recent batch of retail results that the profit margins of the major multiple retailers have been badly squeezed. In order to maintain their volume share of sales in a declining market the major chains have cut their margins. They hope that a recovery in trade will enable them to restore profitability.

In a normal inflationary situation, retailers are usually able, at least in the short term, to absorb cost increases (notably rates, heating and lighting, and labour) because their cash flow is boosted by inflation. But with the sales slump this year, the value of sales is up by only about 13 per cent—about 6 per cent below the general inflation rate.

The extent of retailers' stock levels is one of the intriguing questions which most companies refuse to divulge—either because they are embarrassed by their high level, or because they fear giving competitors an edge. There is no doubt, however, that many stocks were far too high in the Spring and that many sales promotions have been aimed at compensating for this mistake.

But while many retailers have managed to reduce the book value of their stocks, trade sources suggest that a number of store groups are still left with a hard core of stocks which cannot be shifted. Such stocks, especially in the clothing sector, are likely to be almost given away if they are still in stock rooms after Christmas.

Most major chains usually have to place their orders up to a year in advance, which is why they can be badly caught out by a sharp slump in trade. But some domestic appliance retailers have been able to take advantage of manufacturers' over-production to snap up goods at rock-bottom prices.

The most important question facing retailers is whether consumers will start spending in the run-up to Christmas. There are already signs that this may be beginning to happen. Lord Sieff, chairman of Marks and Spencer, said last week, that trade had been picking up in recent months. "If the present trend continues, we expect the full year's profits to be satisfactory," he said.

Mr. Ian Anderson, director of department stores for the John Lewis Partnership says the recent change in the weather "brought an immediate response from customers and many departments were under a pressure that has not been experienced for some time." Department store sales in the week ending October 11 were about 15.5 per cent up on the same week last year and 3 per cent above John Lewis's own sales target.

The Rumbelow's electrical goods chain has also noticed a recovery in trade in recent weeks with sales about 30 per cent above last years' corresponding levels, although comparisons are still with the post-Budget depressed levels of trade last year. And Mr. Ian MacLaurin, managing director of Tesco, admits that after a "flat summer," food sales are looking "a lot better."

But Mr. MacLaurin warns against being too optimistic, pointing out that London is still cushioned from the effects of the recession and that in some of the hardest hit areas of the provinces, retailers are suffering badly. He suggests it will be the "most difficult Christmas period that any of us in the trade have experienced."

Not that anyone is all that confident in assessing the British consumer at the moment. The surprise this year has been the depth and severity of the effects of the recession on the High Street. As Mr. Weir points out, "the recession is hiting harder into consumer spending than anyone had thought." The sales slump has already meant the loss of about 30,000 jobs in retailing this year, according to the main shopworkers' union. Household names such as Woolworth's and Tesco have been forced to take the almost unheard of step of laying off some staff and putting others on short-time working.

Retailers were caught out by the speed with which the recession hit in the spring of this year. After the traumas of last year—especially the pre-Budget sales surge and the slump which followed the increase in VAT—the retail trade was lulled into a false sense of security in the first few months of this year.

Sales were surprisingly buoyant even in the midst of the prolonged national steel strike. A number of retailers imagined to their cost, that the worst was over and thus made little effort to curb stock levels.

The Spring shock came at a time when sales are usually good. Sales volume, as monitored by the Trade Department's retail sales index, fell by over 3 per cent between February and May.

**RETAILERS' INTERIM PROFITS**

| | Half-year-to: | Sales 1980 | Pre-tax profits 1979 | Pre-tax profits 1980 |
|---|---|---|---|---|
| British Home Stores | Sept. 13 | £182.7m | £13.2m | £10.65m |
| Marks and Spencer | Sept. 27 | £845.5m | £77.38m | £68.9m |
| Mothercare | Sept. 26 | £83.6m | £10.28m | £7.98m |
| Debenhams | Aug. 16 | £234.7m | £4.7m | £1.2m |
| House of Fraser | July 26 | £286m | £6.82m | £1.02m |
| F. W. Woolworth | July 31 | £403.85m | £16.26m | £291,000 |

The reasons for the slump were twofold. First, even though average earnings were still above the rise in retail price inflation, many households were facing steeply rising charges for fixed commitments such as mortgages, credit card repayments and bank loans, as well as higher energy, telephone, and transport costs. Thus a large part of their discretionary spending was swallowed up even before the tempting bargains in the shops could be considered.

Second, the swelling number of redundancies finally brought home to consumers the seriousness of the recession. Consumer confidence is generally considered to be as important a determinant of the level of consumer demand as the amount of discretionary income available.

As the Financial Times' own monthly survey has shown, consumer confidence this Spring was at its lowest level in the 10-year history of the survey. At the same time, the savings ratio which shows the proportion of earnings that are held back from consumption, began to rise—a clear indication that in times of crisis and uncertainty people will put money by as protection.

The first effect of the spring sales decline was to prolong the New Year bargain sales. They had already gone on for longer than usual since the first quarter sales, although better than expected, were still far from good. But they were extended into a continuous price promotion, which has continued ever since.

As the sales slump continued into early summer, so the major retail chains began to step up the price war as part of their attempt to maintain sales volume. Woolworth's, for example, launched a series of week-long "wonder of Woolies" promotions, while the Littlewoods group in June announced a £10m package of price cuts.

Then the traditional summer clearance sales began early. Some companies, such as British Home Stores, announced a price freeze until the end of the year, while Marks and Spencer made clear that its clothing price rises would not be allowed to go above 5 per cent.

But in spite of these tempting sales promotions, retail sales volume—which had begun to stabilise in mid-summer after the initial fall in the spring—began to plummet even further in September, according to the most recent figures.

The Retail Consortium's Mr. Weir, however, tentatively suggests that the pre-Christmas trade may be better than many people fear, but he is more pessimistic about trade after Christmas. Some evidence of returning consumer confidence can be shown by the Financial Times' monthly survey, which has risen for the past four months. However, the level of confidence still remains so low—at minus 19 per cent—that the rise can be almost discounted in terms of increased consumer spending.

But if some of the major retailers are not too despondent about the pre-Christmas trade, the pressure is almost certainly most intense on the small shopkeeper who has none of the financial muscle of the big multiple chains.

Mr. Leslie Seeney, director general of the National Chamber of Trade, whose members are primarily small traders, believes small shops are bearing the brunt of the fall in trade. "It is a real tragedy that more and more small shops and especially family businesses—which are the irreplaceable back-bone of the retail sector—are being squeezed out," he says.

### HOW THE SECTORS HAVE FARED

**FURNITURE:** Sales of furniture and furnishings have been badly affected by consumer reluctance to spend on unnecessary major items. The static housing market has also depressed sales, which are down by about 15 per cent this year. But the trade now reports significant increase in consumer demand and retailers are cautiously re-stocking.

**CLOTHING, FOOTWEAR:** the hardest hit of any retail sector this year. Higher VAT, unseasonal weather, and unpopular fashion styles have taken heavy toll. Womenswear, which accounts for the bulk of the market, has been badly hit especially at the cheaper end of the market. Most retailers now pin hopes on classic styles. Overall demand fell 10 per cent between January and July. But sales have picked up in recent weeks as a result of the colder weather.

**FOOD:** Demand held up relatively well in the first half of the year, since even in a recession people have to eat. But consumers have traded down to more basic foods and fresh foods at the expense of higher priced convenience foods. Summer sales volume was down some 3 per cent, but price cutting and promotion campaigns have boosted sales.

**DOMESTIC APPLIANCES:** the market for consumer durables has never really recovered from the VAT increase in June 1979. 'White' goods — refrigerators, washing machines, and freezers—have been especially hard hit. Price cuts have been particularly savage and major chains such as Tesco, Asda and Argos have all largely stopped selling these goods. 'Brown' goods, which include televisions and small appliances such as radios, have proved to be more in demand as prices in real terms have been lower than last year. The trade reports a pick-up in audio equipment sales in recent weeks.

## Letters to the Editor

### *Reflation*

*From Professor A. Bain*

Sir,—The recession has gone far enough: some would say it is already too deep. It is achieving its object of breaking the psychology of inflation. The message that pay must be related to profits and cannot be linked automatically to prices is now understood, at least within the private sector, and the point will be driven well home in the next few months. It cannot be argued that deeper recession is needed to control pay in the public sector. Public employees are not, of course, oblivious to unemployment around them, but the link with profitability is often absent. The course of pay settlements in the public sector will be much more a matter of political will, and the ability to withstand pressure from organised labour, than of moderation induced by still higher unemployment.

The time has therefore come for Government action to help the economy to recover. Measures taken now will not have an immediate effect, but if action is long delayed it is inevitable that, as so often in the past, too much will be done too late. The question is not whether reflation is needed, but how it can be achieved without conflicting with other Government objectives. And it would be a mistake for the Government to rely on reflation coming about automatically. The best approach would be to stimulate demand in the private sector through lower interest rates.

Monetarism presupposes that markets work properly — that the cost of capital to industry will accurately reflect the balance between saving and investment in the economy. It is now generally accepted, however, that inflation interferes with the proper working of the capital market. High nominal interest rates cause front-end loading problems for borrowers, and deter expenditure; and the new issue market for long-term loans to private industry is dormant. As a result the banks have experienced undue pressure of demand for loans, because they are called upon to lend not only for the customary purposes but also to provide a substitute for long-term finance from the capital market. This has led to a steady rise in the private lending component of bank portfolios, to the point where banks now feel a need to rebuild their holdings of public sector assets for both prudential and liquidity reasons. The banks have therefore been bidding for deposits to enable them to improve liquidity, and this has put upward pressure on the supply of money and made the authorities' task in controlling monetary growth unnecessarily difficult.

The Wilson Committee foresaw that the effect of inflation in concentrating the demand for credit on banks would cause problems in financial markets, and recommended that the Government should introduce a scheme for refinancing bank medium-term loans to industry, which would have the effect of removing part of the private sector lending from the banks' portfolios, and would enable them to achieve a balanced portfolio structure without increasing the money supply. Such a scheme could be implemented now without the need to increase Government borrowing from the institutions. The Bank of England is already refinancing gilts; if instead it were to refinance private loans this would enable the banks to hold the more liquid assets they need.

It is paradoxical that interest rates should remain so high in a recession. Yet, unless the current pressure on the banks is relieved, it is difficult to see how interest rates can fall of their own volition, or how the Government can engineeer a reduction without a further breach of its monetary targets. A Government which pursues policies depending on market incentives has an obligation to ensure that the markets work properly.

(Professor) A. D. Bain.
University of Strathclyde,
Stenhouse Building,
*173, Cathedral Street, Glasgow.*

### *Planning*

*From the Chairman,*
*Brian Woodhead and Co.*

Sir,—Recent correspondence on corporate planning (October 20 and 22), confirms my own observations that a surprising number of medium or even large sized companies do not have the skills, discipline or procedures implied in the term corporate planning.

First stage corporate planning — establishing objectives one year ahead—is common, if only through simple budgeting procedures. The further stages —setting goals (3 years ahead) and ambitions (5 years ahead), agreeing how business performance is to be measured and broad areas of opportunity and priority, are unusual. I submit these features need to be normal practice if we are to overcome the threats to our traditional industries/products, and to replace them with more successful new ones.

The present lull in business activity provides an opportunity for management to better equip themselves to tackle the long term future by developing corporate planning skills. If that is done I believe we shall come out of the current problems quicker and more successfully and next time threats appear, more evasive action will have been taken, with reduced risk of serious problems.

A. B. Woodhead.
*107 Harborne Road.*
*Edgbaston, Birmingham*

### *Strategy*

*From the Chairman,*
*Society for Long Range Planning*

Sir,—Mr. Gregory Hutchings (October 20) expressed doubt about the long term survival of some small companies with which he has recently had contact. He had not perceived any form of long term corporate objectives or corporate strategy. He expresses a belief that the present dismal state of many small public companies is due to the lack of corporate planning ability of many boards of directors in recent years.

As your excellent series of articles on corporate planning on the Management Page during the year have indicated, there are exceptions, but many members of this society would support Mr. Hutchings' view and prognosis; though they would not limit their concern to the smaller companies or to industrial bodies.

We would regard as the essential pre-requisite that those at the helm should first realise the need for strategic thinking—a short-hand term for the practice of thinking long and broad about the complete environment within which they are operating, and of the need to keep the organisation in tune with it. This requires some hard thinking. There are no short cuts. There are techniques and methods available, but they cannot be universally applied. Every organisation is unique and operating within its own unique part of the general environment. Success is more an attitude of mind and approach than a mechanical process.

W. R. Hancock.
Society for Long Range Planning,
15, Belgrave Square, SW1.

### *Representation*

*From Mr. W. Dingley*

Sir,—I read with interest Mr. Nelson's letter in your issue of October 20. I have, for many years, been amazed at the acquiescence with which our business community has accepted a principle which brought out the American colonies in revolt. This is to say, no taxation without representation.

This principle has been practised upon the business community of the United Kingdom for several years now, by Governments of both parties. It is high time that it was stopped.

Almost every other form of community has relief from rates due to hardship, except the business community which of course at present has no votes to defend itself in the caucuses that rule Town Halls.

I only hope that more heads of the business community will take up the fact that they are being called upon to pay large sums towards local taxation, without any representation whatsoever.

W. N. Dingley,
Sinclair Goldsmith Dingley,
*9-10, Fenchurch Street, EC3.*

### *Energy*

*From Mr. G. Atkinson*

Sir,—Using October 1980 tariffs for Eastern England, and consumption data from British Gas and the Electricity Council, I found a wide range of fuel prices from just over £2/GJ (gigajoule) for a reasonable use of gas to nearly £13/GJ for on-peak use of "economy" electricity.

To compare prices is not easy. Domestic fuels are priced in different ways. With electricity and gas there are standing, as well as unit, charges which penalise the small user. Tariffs differ between regions though, except for Northern Ireland, the dearest is only 20 per cent more than the cheapest. Eastern region falls just above national average. The unit cost of gas used in small amounts is higher than the rest. Electricity on "economy" tariffs is cheaper after 9 pm, and particularly after midnight, but dearer when used during the day.

Because few households can do without electricity for lights and appliances, I suggest the normal standing charge—just over £20/year in Eastern region—is looked on as a subscription to the electricity "club," and left out of price comparisons; but that the subscription to the gas-users "club"—£24/year—be included.

Even then, gas is much cheaper. For cooking, electricity can cost nearly four times as much as gas. To top up with electricity on a winter's evening (100 per cent efficiency) costs 3½ times more than with a gas fire (70 per cent efficiency), and four times more than with modern gas central heating (80 per cent efficiency).

The reason has nothing to do with commercial or technical efficiency. It lies in the laws of thermodynamics. Published figures show that with electricity only 28 per cent of primary energy reaches the end-user; 89 per cent with oil; 91 per cent with solid fuel; and 93 per cent with natural gas.

These findings have implications for householders and industry, and for national investment policies. Savings from insulation, including weatherstripping, storm porches and double-glazing, are much greater in electric-heated dwellings. For those fortunate to heat by gas, after insulating the loft the best investment is in modernising appliances and their controls.

For half a century, Britain has been investing in a power system based on highly efficient generation of electricity but, compared with continental combined heat and power, inefficient in use of primary energy. Over the past two decades, the nation has also invested in an extensive network for gas distribution, while industry has developed possibly the world's most efficient gas-fired domestic appliances. Even more efficient gas-fired heat pumps for domestic use will be on sale by the 1990s.

Given these facts the correct national energy policy is not large-scale investment in nuclear power. It is also not, as Norman Jenkins proposes (October 20), to combine heat and power, duplicating an existing low-loss energy-carrying gas network with new high-loss hot water mains. It is to extend the existing network further, undersea as well as inland, and to concentrate R&D on making gas from coal when natural gas becomes scarce, and on high-efficiency appliances like heat pumps—not, perhaps, an exciting policy, but common sense.

George Atkinson,
*Romeland Cottage,*
*3 Romeland,*
*St. Albans, Herts.*

ICI'S RESULTS

# The ravens are still in the Tower

**Sue Cameron and Martin Taylor report on the background to ICI's third quarter losses and find that the picture painted by the company, though chilling, is not quite as gloomy as described by the Board last Thursday.**

TWO OF Britain's greatest institutions were shaken to their very foundations this week: at noon on Wednesday came news of plans to close The Times and only 24 hours later Imperial Chemical Industries reported the first loss in its 54 year history.

Pessimists will have been surprised the week did not end with the ravens fleeing the Tower of London for legend has it that when the birds leave England will fall.

There were pessimists enough at ICI on Thursday. The group's preliminary results showed a £10m loss for the three months between July and September while pre-tax profits for the first nine months of 1980 were £200m lower then for the same period last year. The picture for Britain's biggest private sector manufacturing company was, and is, a chilling one.

In presenting its disastrous results ICI seemed to be doing its best to make a political point that the Government must heed pleas from the Confederation of British Industry and make some effort to improve the current economic climate.

ICI's pain is genuine enough, but it may have been overdoing the gloom and the drama of its £200m profits collapse, even though it has been hard hit by the recession in general and the strength of sterling in particular.

Chemical companies throughout Europe and the U.S. have been turning in appalling results since the spring of this year—as ICI itself pointed out this week. All of them have felt the full impact of the world economic downturn on their petrochemicals, plastics and fibres businesses.

Demand for some products has fallen by as much as 30 per cent. European companies have also suffered because of overcapacity in the UK and on the Continent. Their plight has been made worse by cheap imports from the U.S., where energy and raw material costs are lower and where, they are "artificially kept down" by the government.

Profits of both major European and U.S.-based producers fell sharply between the first and third quarters of this year. Given this depressing trend throughout the chemical industry, it was not surprising that the stock market took ICI's bad news entirely in its stride on Thursday. The group's shares even closed 8p higher at 330p. Nobody had been expecting the company to make any worthwhile profit in the third quarter because it was perfectly clear that volume sales of chemicals had been very weak. And ICI, with its high fixed costs, is always vulnerable to a drop in volume.

When lower volume is associated with a drop in general demand rather than, say, internal labour disputes, matters are even worse because the chemical industry as a whole invariably starts cutting prices in an attempt to keep customers buying.

But ICI argues that it is suffering more than its foreign competitors because of the high pound. Sir Maurice Hodgson, chairman of the company, claimed the group was "freezing to death" because of the strength of sterling and stressed that ICI's export business—worth £1.1bn last year—was now only just breaking even.

He added that high interest rates in the UK were also having a dire effect on the group, albeit indirectly, because they were severely damaging the business of many of its domestic customers. ICI's fibres division provided a prime example. More than 100 UK textile mills had closed this year and, partly as a result of this erosion of its customer base, ICI had been forced to announce plans for cutting its fibres and petrochemicals workforce by more than 4,200.

"I find it quite remarkable when people ask what we are worried about because the pound in 1980 has only risen to the same level as it was in 1970," Sir Maurice said. "Others ask why we should have a problem when the Germans have been living with a strong currency for years.

"Such comments totally ignore the very high rates of inflation in the UK. Certainly the Germans have had a high Deutschemark for a long time, but they have also had very low rates of inflation.

"We estimate that if the rise in sterling is corrected for inflation, then the pound has appreciated by 50 per cent against the U.S. dollar, the D-mark and the Swiss Franc over the last three and a half years."

Yet while sterling and high interest rates are undoubtedly causing serious difficulties for ICI, they are not as worrying as the short term drop in volume sales of chemicals that has taken place this year.

Sir Maurice Hodgson

> ❛ We estimate that if the rise in sterling is corrected for inflation, then the pound has appreciated by 50 per cent against the U.S. dollar, over the last three and a half years. ❜
>
> *Sir Maurice Hodgson*

Sir Maurice, with determined grimness, said there was no sign of an upturn in business despite reports that the recession was beginning to bottom out in the U.S. But his views appear to be at variance with those of some of the other major European chemical groups. Most of the German producers, for example, are fairly confident of an increase in demand during the early months of next year.

That now has some support —even senior men in ICI's own debilitated petrochemicals division are already saying privately that "business is beginning to pick up a bit."

Experience shows that sales volume always returns sooner or later. Chemical industry analysts, like ICI's own executives, are now pointing to the increase in demand and the rise in prices that are beginning to appear in both petrochemicals and plastics. ICI said one reason for the dramatic drop in its profits was increased costs, particularly its energy and raw material costs. But here too, the sky is brightening.

ICI's most important raw material is naphtha, the pale gold coloured liquid that is made from oil.

In August the company said that it would be paying a weighted average price of $329.34 a tonne for its naphtha during the third quarter of this year. But the weighted average price it will pay for naphtha in the final quarter of this year is expected to be in the region of $310 to $311 a tonne.

A $20 a tonne drop in the contract price of naphtha will not in itself restore ICI's petrochemicals, fibres and plastics operations to good health. But it should help the healing process—and there is no reason to think that the sickness now afflicting these divisions is a mortal one.

Some chemical companies, notably the French-based Rhône-Poulenc, have found the going so touch at the bulk end of the business that they are starting to pull out of petrochemicals and plastics production altogether. But those taking this momentous step are invariably the companies that have no oil or oil-based raw materials of their own.

ICI, on other hand, has a 19 per cent stake in the North Sea's Ninian Field. Even in the cruel months of July to September, the group's oil interests earned it £24m.

The disappearance of some of the weaker, non oil-based petrochemical producers should leave those which stay in the game and which do have access to crude in a considerably stronger position.

Meanwhile there are parts of ICI's huge empire that are not reeling under the impact of strong sterling and high interest rates. Its pharamaceuticals and agriculture divisions — which together accounted for nearly 25 per cent of its total sales last year—both turned in "sound profits" during the third quarter. The group also did well in Australia, the Far East, South Africa and India although these areas between them accounted for less than 15 per cent of total sales in 1979.

Some of these optimistic points were reflected on Thursday in ICI's evident determination to maintain the dividend—unless it sees a further deterioration in trading.

Since the full extent of the group's difficulties with its fibres business became evident two weeks ago, ICI shares have fallen to a level at which they yield 10 per cent, nearly twice the yield (of less than 6 per cent) on the F.T. All-Share Index.

The group's dividend costs £136m or nearly £200m with associated advance corporation tax. This is not going to be covered by earnings this year —even before the £150m extraordinary debit (a provision for closure costs in fibres and elsewhere) is taken into account. And ICI's current cost earnings, adjusted for inflation, will look worse still. Even in 1979, when the group made £560m pre-tax, its own current cost adjustments took the figure down to £388m or £262m after tax.

Strict compliance with the new inflation accounting standard would have left the figure a further £100m lower. This year ICI has decided to stop publishing quarterly current cost figures, but the full year's results are unlikely to make pretty reading.

But ICI has evidently kept working capital under tight control—no easy matter when the volume of business is changing rapidly—and the year-end balance sheet should show little difference over 1979 in the ratio of long-term debt to shareholders' funds. On the other hand, the large surplus of cash and short-term investments over short-term debt that the group was showing a year ago has been run right down.

It is not only working capital that ICI is bringing under tight scrutiny. New capital spending sanctions have been roughly halved this year from the £552m of 1979. Because of the long-term nature of ICI's capital plans, it may take some time for this to show through in actual spending cuts: for the last two years, spending on capital items has been running at more than £700m.

The need to make an adequate return on this enormous commitment—especially in the UK, where returns are lower than elsewhere—has been a recurrent theme of Sir Maurice Hodgson in the last few years. Now it is the Government which is blamed for failing to create conditions under which ICI can justify future investment on the scale of the past.

**PERFORMANCE OF ICI's MAIN RIVALS**

| | Sales 1979 | Pre-tax profits 1980 Quarter 1 | Quarter 2 |
|---|---|---|---|
| | £bn | £m | £m |
| Hoechst | 5.9 | 69.3 | 46.3 |
| Bayer | 5.7 | 60.9 | 50.9 |
| BASF | 5.7 | 107.9 | 98.2 |

| | Sales 1979 | Quarter 3 | Net profits Quarter 2 | Quarter 3 |
|---|---|---|---|---|
| | £bn | £m | £m | £m |
| Monsanto | 2.58 | 71 | 10 | 13 |
| Du Pont | 5.2 | 106 | 77 | 39 |

The quarterly figures for Hoechst and Bayer apply only to the profits of the two groups' parent companies.

Yet for all its criticism ICI was careful not to be too hard on the Government. Sir Maurice stressed that the group continued to support the Government's main objectives even if some "rethinking" was now required on the mechanisms for achieving them.

In between spelling out the damage being done to ICI by the strength of sterling, he insisted that the company had made no special representations to Government over its plight, that it was not making a special effort to support the CBI's case and that it had announced its results five weeks early simply out of consideration for its shareholders and employees.

## Weekend Brief

### Parisian success in participation

"We must live under our means," M. Hubert Beuve-Mery, the legendary founder editor of Le Monde, used to tell his journalists and co-owners in the days before the paper became essential reading for anyone who wanted to hold his head up at a Parisian dinner party.

Whether or not this is a useful tip for Mr. William Rees-Mogg, the editor of The Times, in his attempts to refloat the paper as a workers' cooperative, it has remained a basic element in the running of Le Monde. The French paper may be radical both in its views and the amount of influence journalists have in its decisions, but it is very definitely governed on old fashioned, if not cheese-paring lines.

But austerity is only a part of the answer to the financial success of Le Monde, now one of the most stable French papers at a time when the Paris Press is going through a period of unpleasant retrenchment. Le Monde started with an advantage which The Times is unlikely to have. Its premises were simply given to it, lock stock and barrel, after the Liberation, when General De Gaulle was dividing up the assets of collaborators. On this solid base, Le Monde was able to build a self-contained integrated empire, with two printing presses.

This organisation was led, for more than 20 years, by M. Beuve-Mery, an autocratic, opinionated intellectual, who gradually opened up ownership to the workers, but held onto power through the force of his personality. When he retired, his protege, M. Jacques Fauvet, slipped quietly into his seat with no real opposition. The recent election of a new editor, which kept Le Monde's readers in suspense for three months, was the first time journalists had fully exercised this right.

Under the present share holding structure, the journalists were given 40 per cent of the paper's FFr 200,000 capital in 1951 and can elect the editor on a 60 per cent vote of the journalists. Their shares are held in a special workers' association, which also includes another 9 per cent in the hands of the rest of the employees. Forty per cent of the remaining capital is in the hands of M. Beuve-Mery and his associates, while the present editor and another senior colleague share the other 11 per cent.

While the workers' association has to be consulted on editorial policy every month, it appears to have little influence on the running of the paper. According to close observers, what is important, except at election time, is the balance of power between the editors of different sections of the paper. Cynics say that Le Monde today is rather like a feudal kingdom, with the editor-in-chief allocating space according to his treaty obligations.

In every other way, Le Monde remains a monument to its traditions. Its uncompromising commitment to the printed word —it enlivens its copy with trenchant cartoons but no pictures—has proved a winning formula in the television age. Circulation which has risen steadily now stands at 450,000, making it the third largest paper in France, and generating, with the help of strong advertising, an annual turnover of around FFr 400m. It shook off losses in 1977 to enjoy a good spell again last year.

Like other French papers, of course, it enjoys privileges unknown in the British Press, such as big postal concessions and a 2.5 per cent rate of VAT. It is also, unlike The Times, going into the electronic age without any serious convulsions, among its 1,250 workers about the advent of new technology. This may be because the journalists have decided to stick to their own jobs when photocomposition begins to be introduced next year. There will be no direct input from the journalistic staff, since, as one senior editor charmingly put it, "several of our writers do not know how to use a typewriter."

### The question of a Times consortium

One thing at least is clear after the past three days of events at The Times: the newspaper will not be taken over by a co-operative bent on spreading workers' control at the expense of editorial freedom and normal proprietorial and managerial involvement.

What some of the journalists do hope for, however, is a rescue by a consortium in which the editorial staff and management would be shareholders, with the overwhelming proportion of investment coming from conventional sources. There is no sign of the journalists claiming a dominant interest in such a rescue bid, but they may well try to capitalise on notions of co-operatives and participation which some of them have developed during the past couple of years.

Mr. William Rees-Mogg, the editor, has also suggested a consortium to include journalists' and management representation. But the common ground between him and the staff has been reached by different routes, and their ideas do not necessarily envisage identical structures of ownership. In particular, Mr. Rees-Mogg, who has only expressed his own interest in such a solution during the past few days, would probably envisage journalists and managers taking a personal stake in whatever company might emerge.

The journalists, however, have reached their position after exploring, but rejecting the possibility of a full workers' co-operative. They would probably go for a more collectivist solution with some co-op principles.

Their interest started during the year-long shutdown in 1978-1979 when they commissioned a report from Job Ownership, a co-op consultancy run by Robert Oakeshott, a former journalist.

Mr. Oakeshott studied Le Monde and other forms of newspaper co-ops. But his report, which was delivered in February last year, was immediately pushed into the background by one of the first major attempts at ending the shutdown. But in November (ironically on the day before The Times reappeared at the end of the closure) a company based on co-op principles was incorporated as a limited company with about 100 members.

Called Journalists of The Times (JOTT), it now has over 260 members out of the 300 journalists on The Times and its three educational and literary supplements.

Each journalist has bought a £4 share which is intended to demonstrate a token of interest and involvement. JOTT's membership has gradually increased and it now has greater potential significance.

Its chairman is Hugh Stephenson, editor of Times Business News, a former senior Labour councillor in the London Borough of Wandsworth, and a member of the Wilson Committee on Financial Institutions. During the past year, Mr. Stephenson has held a series of negotiations with the newspaper's management, asking initially for JOTT to be allocated a shareholding and boardroom representation in Thomson's main newspaper company.

This was resisted by the management, but a significant agreement stating that JOTT would be consulted on a regular basis and be asked for its views on any major changes was apparently almost ready for signing in July when the newspaper's journalists went on strike. After the strike, the signing ceremony was deferred and eventually vanished.

Nevertheless JOTT, which has also been researching the business aspects of a Times takeover, had made its mark. Mr. Rees-Mogg, who hitherto had only granted it what he called his "benevolent neutrality," cashed in on some of its ideas with his call for a consortium.

Both Mr. Rees-Mogg and the journalists believe that only a limited amount of capital is needed to save the paper, especially if it subcontracts its printing and leases its headquarters.

### Raking over the Ashes

Cricket societies are dotted throughout the land and, although Yorkshire no longer plays at Bramhall Lane, Sheffield's cricket lovers are among the most enthusiastic.

This was seen recently at the special evening they lavishly staged at the magnificent Cutlers Hall when they held a reunion dinner for the former England cricketers, and their wives, who had taken part in the 1953 series against Australia when England regained the Ashes after a gap of 19 years.

The most remarkable feature of what proved to be a joyful, nostalgic occasion, was that all the players, apart from Tony Lock in Australia and Willie Watson in South Africa, arrived, including Denis Compton, whose colleagues had unanimously betted he would forget the venue, date, or time.

The 1953 series marked a renaissance of England cricket, following years in the wilderness. Also it was a tense, tough, close struggle against powerful opposition who were also "the old enemy." Finally, it was not settled until the last test and therefore seized the imagination of the public, not just cricket buffs, to a greater extent than any subsequent tour.

The England batting line up for the decider, was: Leo Hutton, Bill Edrich, Peter May, Denis Compton, Tom Graveney, Trevor Bailey, Godfrey Evans, Jim Laker, Tony Lock, Fred Trueman and Alec Bedser. As Brian Johnston, who regularly had the good fortune to be on the air when the Ashes were both lost and won remarked in his speech of welcome at Sheffield that the outstanding feature of that eleven was the balance.

It contained five high class batsmen, an attack consisting of three seamers and two contrasting spinners, who all took over 100 wickets in international cricket, while Trueman was to capture more than 300 and Bedser well over 200. Godfrey Evans was behind the stumps, arguably the finest wicket keeper since the war, and certainly the best standing up to the stumps.

In other words, Len Hutton, a very astute tactician and a fine captain, had under his command howlers for all pitches and batsmen of genuine quality.

The strength of that Oval side is perhaps best illustrated by a brief examination of the figures for that season of players who took part in the series, but who were omitted from the last test. Of the three batsmen Reg Simpson scored over 2,500 runs, Don Kenyon nearly as many and Watson over 1,700 for averages of 45, 44 and 46 respectively.

### Ju-ju and justice in Zimbabwe

With a terrible cry, the African tribesman shook violently and fell dead. He had just swallowed a mouthful of the special potion which the village witch doctor had brewed to find out who was responsible for the death of a respected village elder.

The man's sudden death seemed to prove to the villagers that he was the guilty man. But when Dr. John Thompson was called in to investigate, he found traces of cyanide in the witch doctor's pocket which proved that the tribesman had been poisoned to impress the village with the witch doctor's powers. The witch doctor was eventually convicted and hanged for murder.

Mixing modern science with witchcraft has been behind much of Dr. Thompson's 14 years of police work as director of the Forensic Laboratory in Salisbury, Zimbabwe. In retirement, he has devoted some time to putting his more bizarre experiences into a book published on Monday*.

Dr. Thompson had an appropriate start to his often macabre career in Harrogate where he was born into a family which had begun one of the first "off the peg" coffin businesses allowing people to buy ready-made coffins. But his talents were devoted instead to tank design and explosives on which he worked during World War II.

It was not until after the war that he moved to what was then Southern Rhodesia and became director of the Forensic Laboratory when it was set up in 1963. He had to combat traditional beliefs with modern methods of detection and handled more than 700 cases a year.

Some of the more unpleasant murders involved horrific ritual killings. Only when a well-educated African could break away from the strong ties of magic could the police make much progress.

One such case came to light when huts in a village started bursting into flames one after another. The villagers said that the spirit of a python, whom they revered, had been offended and the hut fires were its punishment. When the eighth hut was burned down, a baby died in the flames and the police were called.

They had great difficulty persuading the frightened villagers that the supernatural was not responsible for the blaze and eventually caught the culprit—a young boy with a box of matches.

* *Crime Scientist* by Dr. John Thompson, Harrap Books, £6.95

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## Economic Diary

**TODAY:** Special council of EEC Foreign Ministers discuss steel crisis, Luxembourg.

**TOMORROW:** British Summer Time ends. Iran Parliament debates American hostages.

**MONDAY:** House of Commons reassembles after summer recess —debate on National Health Service in England. Dr. Joseph Luns, secretary general of NATO, talks on NATO and the World Situation to European Atlantic Alliance Group, House of Commons. Lord Carrington, Foreign Secretary, visits Hungary. EEC Fiscal Council meets, Luxembourg.

**TUESDAY:** Special meeting of Parliamentary Labour Party on timetable for leadership election. President Carter and Mr. Ronald Reagan television debate. EEC Fisheries Council meets, Luxembourg. Sir Geoffrey Howe, Chancellor of the Exchequer, speaks at Association of Consultant Architects dinner, Portland Place, London. Mr. Anthony Wedgwood Benn addresses City and Financial Group of Institute of Public Relations, Mansion House, London.

**WEDNESDAY:** Commons debates unemployment and the economy. Joint meeting of Shadow Cabinet and Labour Party's National Executive Committee. Sir Richard O'Brien, Manpower Services Commission chairman, speaks on unemployment, Lancaster University. Amalgamated Union of Engineering Workers national committee meets on pay. Mr. William Whitelaw, Home Secretary, and Mr. Denis Healey, Shadow Chancellor, address Licensed Victuallers' dinner, Grosvenor House, London.

**THURSDAY:** London Confederation of Shipbuilding consider pay offer to engineers. Mr. Len Murray, TUC general secretary, speaks at Scottish Council (Development and Industry Forum) Aviemore.

# Spirax Sarco little changed

ALTHOUGH TRADING profits of Spirax-Sarco Engineering show a small improvement from £3.2m to £3.28m for the six months to June 30, 1980, higher interest charges have resulted in a marginally lower pre-tax figure of £2.82m, compared with £2.92m. External turnover rose 9 per cent from £18.7m to £20.38m.

Mr. A. C. Brown, the chairman of this international energy control group says the results are considered satisfactory under the present difficult trading conditions.

The beginning of the second half has shown a continuation of the second quarter pattern: reduced levels of UK business in both Spirax-Sarco and Drayton companies, but continuing strength in overseas markets.

However, given no further deterioration in trading conditions, he expects a satisfactory result for the year as a whole, although unlikely to match last year's record pre-tax figure of £6.62m.

With earnings per 25p share up from 5.2p to 5.9p the net interim dividend is maintained at 1.7p (1.67p adjusted for scrip)—last year's total payment was an equivalent 4.33p.

Tax took £1.01m (£1.3m) and after minorities, attributable profits were ahead from £1.57m to £1.75m. The interim dividend absorbs £508,000 (£498,000).

The group's Drayton company has been seriously affected by the UK recession. Mr. Brown says Drayton's industrial instrumentation and process control businesses are no longer viable and these activities are therefore being discontinued. Efforts are to be concentrated into its profitable automatic temperature control operation, covering the domestic, commercial and industrial space heating markets.

Around 350 jobs will be lost during the next six months and the cost of these redundancies, together with closure costs, will be treated as an extraordinary item in the 1980 accounts.

However, in the group's major business, Spirax-Sarco, reduced industrial activity in the UK has been compensated by increased overseas turnover, although it has had to bear the costs of the more newly established operations, and the continuing burden of strong sterling.

## ● comment

It is becoming clear that engineering companies capable of growth, or at least holding profits this year, are tending to look expensive. Spirax-Sarco has always commanded, and justified, a high rating but the premium is now that much more pronounced. The historic yield at 166p, down 6p yesterday, is just 2.7 per cent and a repeat of first-half earnings after the anticipated rate of tax gives a prospective p/e of almost 14. It is difficult at this stage to be precise about the below the line cost of the Drayton closure but at least the contribution from the growing automatic temperature business will not be masked by losses in the declining, and fiercely competitive, instrumentation activities. For the moment, the best growth prospects remain abroad. The contribution from overseas to both turnover and profits has grown and should continue to do so. The group will provide the management in the Mexican company and intends to buy out the two remaining licensees as and when the opportunity arises. It still sees further expansion possibilities, particularly in the Far East but the shares are still supported more by a very good record, a healthy balance sheet (despite some increases in net debt this year) and the immediate earnings prospects.

# Berec static at interim stage

AS FORECAST at the annual meeting in July, first-half pre-tax profits of Berec Group, battery manufacturer, have again proved disappointing, moving ahead only marginally to £3.25m in the 26 weeks ended August 30, 1980. The corresponding period last year produced a surplus of £3.15m, down sharply from £11.14m in 1978.

Adjustments for inflation on a current cost basis throw up a loss this time of £2.6m compared with £3.1m.

Mr. C. G. Stapleton, the chairman, expects the profit for the full year to be broadly similar to last year's £17.19m. He points to the effect of continuing high interest rates on the group's profits—net interest charges are up from £0.59m to £2.52m—but says the capital expenditure programme must be carried through.

First-half turnover improved from £98.51m to £110.12m. Exports were well up, the chairman states, but the strong pound caused a general lowering of margins. The recession continued to affect business severely, he adds.

Tax takes £1.88m against £1.46m and after minorities of £0.34m (same) and an extraordinary debit of £0.1m (£0.03m credit) the attributable balance emerges at £0.93m (£1.38m).

Earnings per 25p share are shown as 1.54p (2.05p) and the net interim dividend is held at 1.3p, absorbing £858,000 (£857,000). Last year's total was 5.495p.

Lex Back Page

# Websters down but optimistic for year

APPALLING TRADING conditions have meant a sharp fall in pre-tax profits of Websters Group, printer, publisher and book wholesaler, from £201,000 to £106,000 for the first half of 1980, on increased turnover of £12.69m against £11.2m.

Mr. Peter Lane, the chairman, points out, however, that the bulk of group profits are traditionally, and increasingly, earned in the second half of the year.

Provided that operating costs can continue to be contained at their current level, and that the recent improvement in trading conditions is sustained in the next two months, the full year's results should be better than those of 1979, he states.

The interim dividend is being maintained at 0.7p net per 5p share—last year's final was 1.4p on pre-tax profits of £705,000.

First-half 1980 operating profits dropped from £313,000 to £254,000, before interest payable of £148,000 (£112,000). Tax takes £42,000 (£80,000) leaving the net balance down from £121,000 to £64,000.

The group recently acquired 73 per cent of the Viscom Group, which has interests in video publishing and distribution. The initial consideration was nominal and further payments are related to a multiple based on future profits.

The board considers there are considerable opportunities in the growth of the video cassette and video disc markets which the group intends to exploit.

## ● comment

Shares of Websters moved 8p higher to 38p, where the prospective yield is about 8 per cent, following an optimistic year-end profit forecast. The company's prediction, despite a collapse in first-half pre-tax profits, is based on signs that booksellers stopped destocking in August and that sales have picked up since then. Turnover for the year is expected to be up by between 10 ad 15 per cent, with heavy contributions from Christmas sales, but this will reflect higher prices rather than increased volume. In addition, the company appears confident that interest charges will be lower in the second half. The recent acquisition, Viscom Group, the video publishing and distribution company, is not expected to contribute to group profits until 1982.

# Peters Stores on £0.69m

BOOSTED TO £771,737, against £413,796, at midway by a surplus on property sales of £554,822, pre-tax profits of Peters Stores fell back at the June 28 year-end to £687,290. Even so this was an improvement on the previous 53 weeks' surplus of £573,836.

The general recession in shop sales, combined with increased operating costs, reduced margins, states Mr. J. P. Gould, the chairman. However, sales have shown signs of recovery, leading him to look for an improved performance from the leisure wear group's shops in the current year.

The dividend is being raised from 3p net to 3.5p with a same-again final of 2p.

Turnover rose from £6.65m to £8.37m. After tax of £78,343 (£27,620 credit) there is a net profit of £608,942 (£601,456). Earnings per 10p share are shown as 19p (18.8p).

A surplus of £798,766 arising from a revaluation at the year end of the group's freehold and long leasehold properties has been added to capital reserves.

## DIVIDENDS ANNOUNCED

| | Current payment | Date of payment | Corre-sponding div. | Total for year | Total last year |
|---|---|---|---|---|---|
| Ayrshire Metal ...int. | 2 | Nov. 21 | 2 | — | 7 |
| Berec Group ......int. | 1.3 | Jan. 7 | 1.3 | — | 5.49 |
| Burgess Products ..... | 3 | Dec. 5 | 2.75 | 4 | 3.75 |
| Central Sheerwood int. | 0.75 | Dec. 5 | 0.75 | — | 1.66 |
| Clayton, Son ...... int. | 1.4 | Jan. 2 | 1.4 | — | 6 |
| Gen. Scottish ......int. | 1 | Jan 6 | 1* | — | 2.5* |
| Highland Elect. ........ | 1 | Jan. 6 | 1.5 | 1 | 1.5 |
| G. and G. Kynoch ...... | 1 | Dec. 8 | nil | 1 | nil |
| Lowland Drapery int. | nil | — | nil | — | 1.5 |
| Minster Assets ......int | 1.6 | Dec. 30 | 1.6 | — | 3.9 |
| W. L. Pawson ......int. | nil | — | 1.2 | — | 3.15 |
| Peters Stores ........... | 2 | Jan. 12 | 2 | 3.5 | 3 |
| Spirax-Sarco .........int. | 1.7 | Dec. 5 | 1.67* | — | 4.33* |
| E. Upton ...........int. | 0.5 | — | 0.75 | — | 2.73 |
| Websters Group ...int. | 0.7 | Dec. 15 | 0.7 | — | 2.1 |

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

# Results due next week

Analysts expect next week's six-month profits from Reed International barely to exceed those made in the first quarter of last year. Against last year's three-month pre-tax profit of £26.5m, the first quarter of the current year produced £11.8m. The villain of the piece was a dispute with print-workers and journalists which cut £12m from operating profits. When second quarter figures are announced on Tuesday, perhaps £16m is in sight—though as little as £14m by one estimate—pointing towards a year-end pre-tax total variously put between £65m and £75m, against a previous £100m. Sir Alex Jarratt reported in July that recession had cut volume in paper and packaging by as much as a fifth on the prior year.

Interim results due from Coats Patons on Thursday are likely to be quite close to last year's figure of £31m before tax. But this figure would include a contribution from property sales, which could generate £5m over the full year. Trading profits in local prices should have held up in most markets, although orders are said to have deteriorated since the end of the first half. In the UK there should be some recovery from Jaeger, which had an exceptionally poor record last year, but other non-thread sales will have suffered from the recession. The company's forecast of increased profits was based on an exchange rate of $2.22. This has been overtaken by time, and the upward movement of sterling against European currencies will have been particularly unhelpful, even though the Brazilian currency has depreciated much less rapidly than last year, when conversion losses were remarkably severe.

The market is anticipating a lacklustre trading performance when the menswear group, J. Hepworth, reports its preliminary figures on Thursday. Hepworth is expected to have fared slightly better than some of its retail competitors. It has a surplus of properties which can be realised to offset higher interest charges, and it has diversified through Club 24 into credit cards. Still, the consensus is a decline in pre-tax profits of profits to £30m from last year's figure of £6.6m.

A rise in interim pre-tax profits to £30m from last year's £26.85m is expected on Tuesday from Harrisons and Crosfield, the plantation, chemicals and timber group. Commodity and chemical prices have held up well in the first half and the timber company, Parker Timber Group, which was acquired last year, is expected to contribute around £1m to profits. In addition, earnings from the group's cash rich subsidiary, Harrisons Malaysian Estates, are anticipated to have risen by about £1.5m.

Preliminary results from Arthur Bell and Sons, the Scotch whisky distillers, due on Wednesday, are likely to show little change over last year's results. Turnover is expected to have risen slightly, boosted by higher export sales. But considerably higher interest charges will have taken their toll to produce a pre-tax profit roughly in line with last year's £16.8m.

Other interim reports due next week are Tozer Kemsley and Biltbourn (Holdings) on Tuesday and Mallinson-Denny on Wednesday.

| Company | Announcement due | Dividend (p)* Last year Int. | Final | This year Int. |
|---|---|---|---|---|
| **FINAL DIVIDENDS** | | | | |
| Audio Fidelity | Friday | — | 2.5 | — |
| Bell (Arthur) & Sons | Wednesday | 1.76785 | 3.52 | 2.12 |
| Border and Southern Stockholders Trust | Tuesday | 0.7 | 1.85‡ | 0.8 |
| British Car Auction Group | Tuesday | 0.67 | 2.2 | 1.25 |
| C.L.R.P. Investment Trust | Tuesday | 0.9 | 1.9 | 1.6 |
| Gomme Holdings | Wednesday | 0.887 | 3.17 | 0.887 |
| Hermen Smith | Friday | 0.23 | 0.23 | 0.25 |
| Hepworth (J.) & Son | Thursday | 0.79 | 3.0 | 0.79 |
| Linread | Friday | 1.0 | 2.0 | 1.0 |
| M.Y. Dart | Wednesday | 1.0 | 1.8 | 1.0 |
| North Atlantic Securities Corp. | Tuesday | 1.22 | 2.55 | 1.75 |
| North British Properties | Wednesday | 1.0 | 1.5 | 1.0 |
| Pochins | Monday | 0.875 | 8.125 | 0.875 |
| Simpson (S.) | Thursday | 1.3125 | 2.95 | 1.3125 |
| Singapore Para Rubber Estates | Tuesday | — | 0.35 | — |
| United Real Property Trust | Wednesday | 1.25 | 4.75 | 1.25 |
| United Wire Group | Monday | 2.2 | 3.55 | 2.2 |
| Wood Hall Trust | Friday | — | 5.211 | — |
| **INTERIM DIVIDENDS** | | | | |
| Bambers Stores | Thursday | 0.56667 | 0.76667 | |
| Boosey & Hawkes | Thursday | 1.9 | 3.767 | |
| Border Breweries (Wrexham) | Wednesday | 1.2 | 3.3 | |
| Callender (George M.) | Wednesday | 0.605 | 1.045 | |
| Canadian & Foreign Investment Trust | Thursday | 1.75 | 3.35 | |
| Coates Brothers | Tuesday | 0.83 | 2.13 | |
| Coats Patons | Thursday | 1.5049a | 2.6 | |
| Dorrington Investment | Tuesday | 1.9 | 2.1 | |
| English National Investment | Tuesday | 1.01 | 1.22 | |

| Company | Announcement due | Dividend (p)* Last year Int. | Final | This year Int. |
|---|---|---|---|---|
| Fidelity Radio | Wednesday | 1.658 | 4.003 | |
| Geers Gross | Wednesday | 1.5 | 1.5 | |
| Goldman (H.) Group | Friday | — | 0.07 | |
| Harrisons & Crosfield | Tuesday | 7.5 | 20.5 | |
| Lake View Investment Trust | Tuesday | 1.75¶ | 2.5 | |
| London Atlantic Investment Trust | Monday | 1.75 | 2.75 | |
| Lunuva (Ceylon) Tea and Rubber Ests. | Thursday | 5.0 | 12.0 | |
| Mallinson Denny | Wednesday | 1.5 | 2.25 | |
| Nathan (B. & I.) | Friday | 1.4 | 2.6 | |
| Nineteen Twenty-Eight Investment Trust | Wednesday | 1.5 | 2.15† | |
| Outwich Investment Trust | Monday | 0.72 | 1.94 | |
| Press (Wm.) & Son | Thursday | 0.6 | 0.6 | |
| Reed International | Tuesday | 4.0 | 9.0 | |
| Richardsons Westgarth | Wednesday | 1.05 | 2.43 | |
| Runciman (Walter) | Tuesday | 1.25 | 2.5 | |
| Tern Consolate | Monday | 2.0 | 2.0 | |
| Tozer Kemsley & Millbourne (Hldgs.) | Tuesday | 1.33 | 2.18 | |
| Weeks Associates | Thursday | 0.7 | 0.308 | |
| Western Brothers | Friday | 2.0671 | 3.1457 | |
| Yorklyde | Thursday | 1.5 | 13.5 | |
| **INTERIM FIGURES** | | | | |
| Lamont Holdings | Monday | | | |
| Marlborough Property Holdings | Friday | | | |
| Scotts Restaurant | Thursday | | | |

*Dividends shown net pence per share and adjusted for any intervening scrip issue. † Includes non-recurring dividend of 0.6p. a Includes compensating dividend of 0.1049p to allow for the change in the tax rate. ‡ Includes non-recurring dividend of 0.35p. ¶ Includes non-recurring dividend of 0.65p.

# Minster Assets ahead so far

PROFITS before tax of Minster Assets expanded from £1.96m to £2.23m in the first half of 1980, with the principal subsidiary, Robt. Bradford (Holdings), contributing £2.2m against £1.74m.

Mr. A. R. G. McGibbon, Minster's chairman, says that as usual it would be misleading to deduce the likely outcome for the year from these figures. Nevertheless, he expects a reasonable improvement over the 1979 surplus of £3.6m.

The interim dividend is maintained at 1.6p—last year's final was 2.3p.

Tax for the six months takes £1.16m (£1.03m), minorities £194,000 (£139,000) and the dividend absorbs £548,000 (£547,000), leaving the net balance static at £550,000 (£549,000). Earnings are shown as 2.56p (2.35p) per 25p share.

After underwriting losses and expenses of £3.8m (£3.42m), profits of Minster Insurance Group rose to £1.01m (£716,000). Mr. Donald S. Pearce, chairman of Robt. Bradford, says this reflects the continuance of severe competition in the industry due to over-capacity. But following strong action to control expenses and increase the market share, there are indications of an improvement in the underwriting experience, he adds.

The Lloyd's underwriting agencies produced profits of £400,000 (£412,000) and are expected to equal roughly their 1979 surplus of £1.25m for the full year.

Net income from investment holding, banking services and issuing house activities improved to £335,000 (£274,000).

Bradville suffered from poor sales in a mild winter and the consequent cost of financing high stock levels, and incurred a £154,000 loss (£70,000 profit).

## ● comment

Memories of how badly the last harsh winter hurt Minster Assets will die hard, and with attributable earnings—and the dividend—only maintained, the shares slipped 3p to 68½p. The Spring premium increase has helped put a little more daylight between investment income and underwriting losses at Minster Insurance, though benefits here are muted by the 40 per cent French minority holding. Bradville has always looked rather odd in the Minster group, and with hefty trading losses it looks straightforwardly wrong. The Moroccan run-off continues, France is a bit better. Barring a similarly awful winter, there looks room for a rise in the total dividend to 4p, where the prospective 8.3 per cent yield is a more optimistic rating than the 14.4 per cent of last May.

# Giltspur rejects TDG approach

Giltspur announced yesterday that it would reject the £22m equity and loan stock approach from Transport Development Group which a member of the Giltspur board, Mr. Maxwell Joseph, has already intimated that he would accept in the absence of a higher bid.

Mr. Joseph, the former chairman who holds 23 per cent of Giltspur shares, was unavailable for comment but the board meeting at which the decision to turn TDG down was made was described by the chairman, Mr. Ernest Sharp, as "full and amicable." He said that Mr. Joseph was "entirely happy with the statement" which considered that the proposed offer was inadequate but was not able to say whether his predecessor was still prepared to accept TDG's proposed terms.

Speaking for TDG, the chairman Mr. James Duncan, said that he thought it "unusual" that the Giltspur board had rejected the outline bid "without any serious discussions."

The prospective bidder had initially made it clear to the Giltspur directors that it would be prepared to proceed with a bid, "subject to the offer carrying their recommendation." Mr. Duncan will be in Belgium this weekend but expects that TDG will have made a decision whether to go ahead without Giltspur's approval within two days of his return on Sunday evening.

The mooted terms value each Giltspur share at around 116p at last night's prices, but Giltspur shed 4p yesterday to 106p.

## ● comment

Giltspur's decision to reject out of hand TDG's bid proposals suggests that either the major shareholder has caused a split in the boardroom which yesterday's statement has somehow papered over or, alternatively, Mr. Joseph has changed his mind. Given that he has known of TDG's interest for at least four months and had intimated acceptance before the formal rejection, the issue is to say the least clouded. The offer, if it is ever formally made, looks acceptable without being in any sense generous. Giltspur's net worth, according to the March balance sheet, is 89p per share and the historic exit multiple at 116p per share is just short of 10. The shares peaked at 110p on Thursday before falling back to 106p and there has been no suspicion so far that TDG would face a rival. Much depends on current trading. Giltspur's profits were broadly flat last year and the new chairman has not made any secret of the fact that the return on turnover and assets in the motor distribution business are not acceptable. Should TDG go ahead, the defence will be able to produce interim figures quite quickly and show what it is doing to prune or improve the performance of its sluggish activities. It would be a pity if other Giltspur shareholders were not given the opportunity to weigh up the merits of the terms for themselves.

# NEB disposes of its stake in Brown Boveri Kent for £2.6m

The National Enterprise Board has sold its 20 per cent stake in Brown Boveri Kent, the industrial instrument and metering device company, for around £2.6m.

The NEB's 10.86m shares were placed in slightly over a day with UK institutions. The placing price of 24p per share was slightly below yesterday's closing price of 25p, itself the lowest market price of the year. The placing was made by Cazenove and Co. and W. Greenwell and Co.

Government involvement in the company dates from the late 1960s when the Industrial Reorganisation Corporation took a stake in the former George Kent, merged in 1974 to form the present company. Two years later, the NEB took a 12.3 per cent holding which it later increased. The NEB will show a loss of roughly £700,000 on its involvement in the company.

The NEB said that the placement was made in line with the wishes of BBK and its Swiss parent, Brown Boveri and Co.

The sale completes the series of major divestments started a year ago by the NEB as part of the disposal of State assets ordered by the Treasury.

Originally the NEB was told to sell sufficient of its holdings to produce £100m by the end of last year. But Sir Keith Joseph, Industry Secretary, eventually agreed that this timetable was impractical and that the board should proceed at its own pace.

As a result its stakes in ICL, Ferranti, and Fairey Holdings were gradually sold off. Together with the BBK proceeds, the total raised for the Government is £115.5m.

From now on the NEB will sell off its companies when they become profitable, honouring its statutory function of only holding investments which could not survive without its support.

# Cambridge Petroleum merger vetoed

Shareholders of Cambridge Petroleum Royalties have decisively rejected a merger proposal by Cambridge Royalty Company, a U.S. concern.

At an extraordinary meeting yesterday only 46 shareholders representing 378,220 shares, voted in favour of the proposal. It was rejected by 100 shareholders, representing 3,469,820 shares.

The proposal's defeat followed widespread opposition by British institutions which believed that the offer placed too low a value on the assets of CPR. The proposal had already been approved by the shareholders of CRC.

CRC needed to obtain 75 per cent of the votes to carry its proposal, which would have produced a company with combined net assets of $36.8m (£15m), according to the CRC circular.

CRC already owns 12½ per cent of Cambridge Petroleum and Premier Consolidated Oilfields had offered to buy these 500,000 shares, together with a further 1m new shares which CRC would obtain following the exercise of an option. Premier was offering 210p per share.

CRC said earlier this month that it had declined the offer as it was pursuing its own offer at a price which it deemed to be in excess of that offered by Premier.

In a statement yesterday, Premier said it had again approached CRC to establish whether it wished to re-open negotiations.

# Highland Elect. profits fall

TURNOVER OF Highland Electronics Group, Brighton-based investment concern, rose from £7.85m to £8.69m but taxable profits dropped to £369,216 for the year ended April 30, 1980, compared with £610,198.

The dividend has been cut also, from 1.5p to 1p net per 20p share, to strengthen reserves, the directors state—the payment will absorb £87,521 against £131,282.

Mr. Michael Cohen, chairman, says that a cost reduction exercise in the company's subsidiaries has yielded substantial savings and directors are confident when the industrial climate improves, previous growth will be resumed.

At halfway, when profits had slipped from £320,553 to £307,657 the directors said the unsettled economic situation indicated that the full year would not show a substantial improvement over the previous 12 months.

Mr. Cohen states now that the downturn in the economy caused a large fall in the group's manufacturing companies' profits. The distribution subsidiaries, however, continued to grow at satisfactory rates, he adds.

There were substantial termination and run-down costs in the Ardente hearing-aid division, and there were high costs in the initial marketing of the security range.

Finance cost, Mr. Cohen states, was a major contributor to the profit reduction—interest charges for the year climbed from £146,139 to £227,141.

Tax for the period took £193,661 against £170,345, which left a net profit of £175,555 (£439,853), and there was an extraordinary credit of £28,986 (nil).

## NO PROBE

The proposed acquisition of Allmey and Layfield by John F. Renshaw is not to be referred to the Monopolies and Mergers Commission

# Tebbitt purchases 10% of Renwick Group

Tebbitt Group, the property company run by Mr. John Bentley, announced yesterday that it had purchased 898,000 of the ordinary shares (9.99 per cent), in Renwick Group, which manufactures motor cruiser and vehicle conversions, and has road haulage and fuel distribution interests.

Commenting on the purchase Mr. Bentley said the shares were "an interesting investment." He added that he had notified both Renwick and AAH, which made an agreed £5.8m bid for Renwick Group on Monday of the purchase.

No talks have been held with either party prior to the purchase, he stated.

Mr. Bentley would not disclose who sold the shares in Renwick.

Throgmorton Trust confirmed yesterday that it had sold 475,000 Renwick shares at a premium over the market price.

Meanwhile, Mr. W. Pybus, the chairman of AAH, expressed the hope that his company's bid for Renwick "would be accepted by all the shareholders, including the new shareholder."

He said he had talked to Mr. Bentley yesterday afternoon and added that AAH had no intention of selling any of the interests of the Renwick group if its bid succeeded.

Mr. K. Holmes, the managing director of Renwick, expressed surprise at Tebbitt's share purchase. He considered the agreed bid by AAH as "highly appropriate," and that Tebbitt "was not the sort of company with a substantial track record in the field."

# Yule Catto has 93% of Revertex Chemicals

The recommended offers by Yule Catto for those shares of Revertex Chemicals not already owned by the company or its subsidiaries, have been declared fully unconditional and remain open for acceptance until further notice.

Hoechst AG and Hoechst UK have agreed not to exercise their right to acquire Revertex's 50 per cent holding in Harlow Chemical, thereby fulfilling a condition of the offers. Yule and Revertex have agreed to continue to support and develop Harco.

Total number of Revertex shares in respect of which acceptances have been received is 9,049,251, representing 90.2 per cent of the shares for which offers were made. Taking into account those shares owned prior to the offer period, Yule Catto now owns or controls 93.1 per cent of Revertex and it is the company's intention to acquire compulsorily any outstanding shares in accordance with the Companies Act, 1948.

# Liberty Life Association

A typographical error in yesterday's report on the acquisition by Liberty Life Association of Africa of a 10.2 per cent holding in Sun Life Assurance Society might have given a misleading impression of Liberty's future intentions regarding Sun Life. The relevant paragraph should have read:

"Mr. Donald Gordon, Liberty's founder and chairman, stated that his company was seeking to expand its investments worldwide. It liked the investment potential of the UK life assurance industry and it had taken the opportunity of securing a holding in a good UK life company. He confirmed that there was no intention of taking control of Sun Life or even seeking a seat on the board at this stage."

# Uniflex in the red at six months

A substantial reduction in demand, with turnover falling some £13.81m to £11.83m, has left Uniflex Holdings, furniture manufacturer, with a loss of £557,000 for the first half of 1980, compared with a profit of £271,000.

Results for the second half should show some improvement, say the directors, although trading conditions continue to be extremely difficult. For the 11 months to the end of 1979 there was a pre-tax surplus of £505,000, down from £772,000. A single dividend of 1.5p (3.07084p) was paid.

There is again no first-half tax charge, and after minorities the attributable loss is £554,000 (£254,000 profit). The loss per share is shown as 23.07p against earnings of 10.64p.

The directors say action has been taken to reduce running costs, and every effort is being made to increase the group's market share.

# E. Upton into loss midway

On turnover down from £2.75m to £2.54m, E. Upton and Sons, department store operator, has turned in a pre-tax loss of £108,110 for the 28 weeks to August 12, 1980, compared with a profit of £97,329.

The directors say that this loss, which is due in part to the damaging effects of the steel strike in the first quarter and in part to the general recession, should be eliminated in the second half and a modest profit achieved. Last year there was a taxable surplus of £331,274.

The interim dividend is cut from 0.75p to 0.5p—last year a final of 2p was paid.

After a tax credit of £54,000 (£50,700 charge) the net loss comes through at £54,110 against a profit of £46,629.

# Central & Sheerwood lower

NEARLY DOUBLED interest charges of £1.49m, against £0.83m, left pre-tax profits of Central and Sheerwood well down from £2.19m to £1.3m for the first half of 1980, on turnover £12.62m higher at £52.17m.

The directors say that in spite of a promising start to the year, the effects on group profitability of the sudden deterioration of the economic climate in the second quarter, were much greater than foreseen.

While the depression continues to deepen it is difficult to be optimistic about the second six months, they state.

In the face of intense competition, the group's engineering companies hoisted turnover from £26.44m to £40.69m, although only a marginal increase in trading profits from £2.07m to £2.21m was achieved. There was pressure on trading margins and an under-recovery of overheads in some sectors, caused by delays in acceptance of delivery by some of the group's most important customers.

Distribution, where profits were down from £653,000 to £516,000, on turnover of £8.8m (£8.95m), had to contend with the country-wide problems of falling retail sales and destocking. The range of products is currently being extended and updated.

Printing, publishing and financial services—not major contributors to profits—underperformed due to a very damaging national strike in the printing industry and almost unprecedentedly difficult trading conditions.

Printing and publishing profits dropped from £155,000 to £64,000, on turnover of £1.9m (£3.31m), while financial services contributed £76,000 (£218,000) to profits and £782,000 (£850,000) to turnover.

Half-yearly earnings per 5p share fell from 1.46p to 0.84p, but the interim dividend is held at 0.75p net—last year's total payment was 1.655p on pre-tax profits of £4.72m.

Trading profits, after administration expenses, were down slightly from £3.02m to £2.79m in the half year. After tax of £0.69m (£1.14m) and minorities, attributable earnings declined from £1.02m to £0.62m.

The directors say that helped by its diverse range of activities, the group has the ability to continue to be profitable. They believe that as the economy recovers, the group has the operational and financial strengths to achieve a more acceptable level of profits.

## ● comment

Central and Sheerwood has succeeded in increasing turnover by almost a third, but not in translating the extra volume into increased profits. Margins have been squeezed by competition in the group's engineering markets, but the main reason why pre-tax earnings are down by over 40 per cent is the much greater burden of interest charges. Although orders are satisfactory, the group has been forced to finance higher stocks of finished goods as customers delay acceptance until after the planned delivery date; the optimistic way of looking at this is to see the earnings as being pushed into a later set of results. If present trends in profitability apply to the second half, however, the shares—unchanged at 26½p—stand on the rather exposed prospective p/e of 13.8. On the unchanged total dividend at present expected, the yield is 9.2 per cent.

# Ayrshire Metal warning

TURNOVER and pre-tax profits of Ayrshire Metal Products, light engineering and steel fabrication concern, were both down slightly for the 24 weeks ended June 13, 1980.

Sales slipped from £7.34m to £7.17m and the taxable surplus fell £68,000 to £695,000.

And the directors warn that second-half profits are expected to be very considerably less than those of the first — pre-tax figure for 1979 was £1.83m.

They state that there has been a dramatic fall in demand for products resulting in short-time working. Voluntary redundancies are being considered and application has been made to the Department of Employment for temporary short-time working compensation as an alternative to immediate redundancies on a wider scale.

The interim dividend is maintained at 2p net per 25p share.

Profits included interest received of £106,000 compared with £50,000, but were subject to tax of £70,000 against £153,000.

# Viking Resources rights to raise £10m

OIL AND gas investment trust company Viking Resources Trust plans a one-for-one rights issue to raise £10m. Subject to an extraordinary meeting, the new shares will be offered at 50p to shareholders registered on October 10. Viking shares rose 2p yesterday to 166p.

The new shares will not qualify for the trust's 0.4p interim dividend, but the board proposes a final dividend of at least the same amount on the increased capital, subject to no unforeseen circumstances.

Viking also announced yesterday its interim results to September 30. Investments rose from £19.614m to £31.557m, while net cash and deposits moved from a £129,000 surplus to a £825,000 deficit. Net assets per ordinary share showed a year-on-year rise from 89p to 148.4p at September 30.

The directors say that by October 17 this had risen to 162.9p. Pre-tax profits rose from £189,000 to £243,000, and from £120,000 to £152,000 at the attributable level.

The main revenue increase was in unfranked income, from £174,000 to £240,000, while franked income rose only £3,000 to £162,000.

The board of Viking, which is managed by Ivory and Sime, says the rights issue will enable the company to increase its exposure to attractive investments currently available in the oil and gas industry.

# SUMMARY OF THE WEEK'S COMPANY NEWS

## Take-over bids and deals

Bass, the brewing and hotel group, made a bid of £82m for Coral Leisure on the basis of six of its own shares for every thirteen Coral shares. The offer followed a decision by Grand Metropolitan not to pursue its own bid for Coral following its reference to the Monopolies Commission.

Giltspur's hitherto unnamed suitor was revealed on Thursday as Transport Development Group which is preparing to offer 100 of its shares and $54 nominal 9½ per cent Unsecured Loan stock 199[illegible] for every 100 ordinary Giltspur shares. Mr. Maxwell Jo[illegible] sted that he will accept the offer in respect of his pe[illegible] per cent holding in Giltspur in the absence of a ma[illegible] higher offer being forthcoming. Grand Metropolitan, of [illegible] Mr. Joseph is chairman, holds a further 6.6 per cent of Giltspur.

AAH, in fuel distribution, road haulage, engineering and builders' merchants, made an agreed £5.8m bid for Renwick, the motor cruiser manufacturer which also has interests in road haulage and fuel distribution. AAH is offering 65 AAH 8¼ per cent cumulative £1 preference stock credited as fully paid for every 100 Renwick valuing each Renwick share at approximately 65p.

| Company bid for | Value of bid per share** | Market price** | Price before bid | Value of bid £m's** | Bidder | Final Acc't'ce date |
|---|---|---|---|---|---|---|
| Prices in pence unless otherwise indicated. | | | | | | |
| Aberdeen Invs. | 100* | 102 | 86 | 2.00 | Aitken (Eng.) | — |
| Armitage Shanks | 111§ | 112 | 108 | 29.73 | Blue Circle | 6/11 |
| Coral Leisure | 100 | 90 | 82 | 84.36 | Bass | — |
| Cumulus Inv. | 63 | 60 | 45†† | 3.31 | Greycoat Ests. | — |
| Eng. & O'seas Inv. | 16½ | 15¼ | 14½†† | 1.70 | Pentos | — |
| Giltspur | 115 | 104 | 105 | 21.66 | Transprt. Dev. | — |
| Gough Cooper | 120*§ | 142 | 102 | 6.65 | Starwest | — |
| Gough Cooper | 145*§ | 142 | 127†† | 11.14 | Allied London Properties | — |
| Kayser Bondor | 100*§ | 46 | 56 | 0.67 | Courtaulds | — |
| Kean and Scott | 20*‡ | 109 | 31 | 0.36 | Rwly. Leisure | — |
| Laurence Scott§§ | 58§ | 57 | 60 | 3.98 | Mng Supplies | 5/11 |
| Le Bas (Edward) | 85* | 82 | 53†† | 2.13 | Burch Hldgs. | — |
| Lidstone | 280* | 305 | 290 | 0.51 | Security Exchange | — |
| Macanle (Lond.) | 30* | 30 | 23 | 0.38 | Courtaulds | — |
| Marshall Cavendish¶¶ | 31* | 31 | 27 | 4.60 | Times Publishg. Berhad | — |
| Provincial Cities | 47§§ | 42 | 38½ | 2.28 | Brooke Tool | — |
| Renwick | 65 | 68 | 50 | 5.84 | AAH | — |
| Tanjong Tin | 115*§ | 120 | 115 | 1.20 | Pahang Cons. | 3/11 |
| Wardle (B.) | 25§ | 29 | 24 | 4.69 | NCC Energy | — |

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ** Based on 28/10/80. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional.

## Rights Issues

F.J.C. Lilley: Rights issue on the basis of one for four at 73p to raise £3.26m.

Peachey Property: Rights issue on the basis of one for four at 135p to raise £6.9m.

Sterling Credit Group: Capital reconstruction including: Rights issue of 24,479,375 new "A" ordinary shares to raise £1.42m; 1,175,010 new 12.75 per cent redeemable cumulative preference shares of £1; an issue of 12,999,378 "A" ordinary shares, subscribed for by S.G.H., raising £130,000.

## PRELIMINARY RESULTS

| Company | Year to | Pre-tax profit (£000) | | Earnings* per share (p) | | Dividends* per share (p) | |
|---|---|---|---|---|---|---|---|
| Attock Petroleum | June | 22 | (34)L | 0.1 | (—) | — | (—) |
| Brigray Group | April | 146L | (87)L | — | (—) | — | (—) |
| Brooke Bond | June | 38,021 | (41,025) | 7.9 | (8.7) | 3.55 | (3.91) |
| Bryant Holdings | May | 7,912 | (4,756) | 21.6 | (11.5) | 5.0 | (4.0) |
| Ductile Steels | June | 3,490 | (4,710) | 17.2 | (24.2) | 7.0 | (7.0) |
| Eleco | June | 1,710 | (1,650) | 10.4 | (11.5) | 3.3 | (3.0) |
| Elliott (E.) | March | 64 | (292) | 0.9 | (9.4) | 1.0 | (3.5) |
| Greencoat Props. | June | 161L | (660) | — | (1.6) | — | (—) |
| Guildhall Prop. | June | 901 | (811) | 7.4 | (6.5) | 4.65 | (4.04) |
| Highland Distills. | Aug. | 5,820 | (4,630) | 8.4 | (7.7) | 2.6 | (2.1) |
| Kalamazoo | Aug. | 2,930 | (3,760) | 4.2 | (4.9) | 3.75 | (3.75) |
| London Scot. Fin. | July | 829 | (693) | 5.6 | (6.1) | 2.03 | (1.76) |
| Low (William) | Sept. | 2,240 | (2,400) | 25.6 | (22.3) | 7.5 | (7.0) |
| McKechnie Bros. | July | 15,450 | (15,120) | 21.9 | (23.3) | 7.28 | (6.93) |
| Medminster | June | 327 | (257) | 10.4 | (8.5) | 2.7 | (2.25) |
| Newman Tonks | July | 1,870 | (3,050) | 7.7 | (16.9) | 5.1 | (4.66) |
| Paterson Zochonis | May | 21,780 | (16,800) | 60.6 | (51.9) | 10.5 | (9.0) |
| Pearbey Property | June | 3,871 | (2,668) | 9.2 | (7.4) | 4.0 | (3.0) |
| Pressac | July | 289 | (1,260) | 1.4 | (10.9) | 1.26 | (2.0) |
| Saga Holidays | June | 2,440 | (2,035) | 39.4 | (16.6) | 9.0 | (7.5) |
| Smart (J.) | July | 1,390 | (1,270) | 6.8 | (6.1) | 3.16 | (2.75) |
| Spencer Gears | June | 429 | (450) | 4.3 | (4.2) | 1.0 | (0.9) |
| Strong & Fisher | June | 2,400L | (2,120) | — | (22.7) | 8.8 | (6.05) |
| Suter Electrical | May | 449‡ | (176) | 6.7‡ | (4.7) | 1.5‡ | (1.0) |
| Tyzack (W.) | July | 66 | (31) | 4.9 | (2.1) | 2.5 | (1.25) |

## Scrip Issues

Bryant Holdings: One for one.

## Offers for sale, placings and introductions

Loan Star Industries: London listing.
Thomas Nationwide Transport: London listing.

## INTERIM STATEMENTS

| Company | Half-year to | Pre-tax profit (£000) | | Interim dividends* per share (p) | |
|---|---|---|---|---|---|
| Allebone | July | 119L | (68)L | — | (—) |
| B.H.S. | Sept. | 10,650 | (13,200) | 1.75 | (1.75) |
| Brook St. Bureau | June | 755 | (1,150) | 1.14 | (1.14) |
| BSG Inter. | June | 440L | (4,138) | — | (0.96) |
| Duport | July | 4,470L | (4,140) | — | (2.13) |
| E.D.I.T.H. | Sept. | 1,590 | (1,380) | 0.8 | (0.73) |
| E.I.O. | Aug. | 1,370 | (1,030) | — | (—) |
| Feb International | June | 354 | (224) | 1.0 | (0.88) |
| Francis Inds. | June | 822 | (805) | 1.75 | (1.75) |
| Gosforth Ind. | June | 781 | (539) | 2.0 | (2.0) |
| Greenbank Ind. | June | 453 | (841) | 0.45 | (0.6) |
| Hawker Siddeley | June | 57,200 | (53,100) | 3.0 | (3.0) |
| Hay (Normand) | June | 177 | (240) | 1.25 | (1.5) |
| Hoveringham | June | 1,390 | (1,090) | 0.69 | (0.69) |
| Hunting Assoc. | June | 3,010 | (2,710) | 2.5 | (2.5) |
| I.C.I. | Sept. | 214,000¶ | (415,000)¶ | — | (—) |
| Le Vallonet | June | 53 | (7)L | — | (—) |
| Lilley (F.J.C.) | July | 2,760 | (2,422) | 1.6 | (1.54) |
| London & Nrthn. | June | 4,210 | (5,860) | 1.4 | (1.4) |
| London Sumatra | June | 4,350 | (4,470) | 2.0 | (2.0) |
| Mothercare | Sept. | 8,050 | (10,550) | 1.62 | (1.62) |
| Prtsmth. & Sndln. | Sept. | 1,300 | (1,830) | 1.0 | (1.0) |
| Sheffield Brick | June | 6 | (24) | 0.75 | (0.75) |
| Spear (J. W.) | June | 583 | (715) | 3.0 | (3.0) |
| Spong | June | 350L | (123)L | — | (—) |
| Tebbitt | June | 61 | (—)† | — | (—) |
| Telephone Rentals | June | 6,310 | (5,350) | 2.0 | (1.8) |
| UBM Group | Aug. | 2,330 | (5,520) | 2.0 | (2.0) |
| Wilkns. & Mitchl. | June | 488L | (516) | — | (0.75) |

(Figures in parentheses are for corresponding period)

* Dividends shown net except where otherwise stated. † Pre-tax profits of £425. ‡ For 14 months. ¶ Pre-tax profits for nine months. L Loss.

## Reed Intnl. pays £5.8m for Dring

Reed International is paying £5.8m cash for J. Dring, a Portsmouth company which makes folding cartons. Dring directors are unanimously recommending acceptance of the offer.

The directors and other principal shareholders, who own over 95 per cent of the ordinary shares, have agreed to accept the offer in respect of their own shareholdings. Dring will join Field Sons and Co., Reed's carton manufacturing subsidiary.

## Pawson passes dividend

TAXABLE PROFITS of clothing group W. L. Pawson and Son increased from £311,000 to £541,000 for the half-year to August 31, 1980. But after all charges, including extraordinary debits of £428,468, against £59,265, the attributable balance was down from £187,753 to £79,838, and in order to conserve the group's resources, the board has decided not to recommend an interim dividend.

Mr. S. J. Wootliff, the chairman, explains that during the period trading conditions worsened considerably and he cannot be optimistic about short-term prospects.

The board will review the position at the year-end and the payment of a final will depend on results for the second half and conditions prevailing at that time. Last year an interim of 1.2p net was followed by a final of 1.95p—pre-tax profits totalled £537,000.

Since the acquisition of Silhouette a year ago, the overall volume of business has fallen in the company's sector, reflecting the deep recession in the textile industry. This has resulted in severe pressure on prices in the shops and consequently, on manufacturers' gross margins.

At the same time, overhead expenses have risen inexorably, the chairman states, and interest rates have increased to, and remained at, record levels for many months.

This situation has necessitated a reduction in the level of group manufacturing capacity which has proved costly. However, the benefits resulting from this action should be reflected in the balance sheet by the year end, Mr. Wootliff says.

He expresses confidence that the company can meet the challenge of the current economic environment and that its results will reflect more fairly its efforts when normal trading conditions return.

Turnover for the half year, reflecting acquisitions, leapt from £4.63m to £13.16m. Profits were struck after depreciation of £264,000 (£110,000), while interest soared from £216,000 to £746,000.

Tax took £32,500 (£63,600) and earnings per 5p share rose from 4.01p to 4.41p.

### ● comment

The disappearance of Pawson's interim dividend just three months after the chairman indicated that it would be maintained did not budge the share price yesterday. But then Pawson had already achieved the distinction of having one of the biggest proportionate falls of the week, slipping from 30p Monday morning to 26p ahead of the results. Actual trading profits are not bad though it is impossible to get a clear picture because of acquisitions. However, the interest charge is disturbingly high—the last accounts revealed capital gearing of around 85 per cent. But the extent of the exceptional items—mainly reflecting surgery on the Silhouette acquisition—meant that Pawson would have had to dip into reserves if it had wanted to maintain the interim. Bearing in mind the state of the textile trade caution is the word for the second half while the ladies' clothing retail chain is doing so poorly that management may be having a rethink on its future. There will be further closure and rationalisation costs in the second half so the final dividend may also be in danger. But with sales of say £15m in the second half it would not take much improvement in margins to produce some payment.

### RIT NAME AGREED

The change of name of Rothschild Investment Trust to RIT Limited was approved at an extraordinary meeting.

## Burgess Products edges up

SECOND-HALF pre-tax profits of Burgess Products Company (Holdings) dropped from £992,000 to £804,000, leaving the full year figure to August 2, 1980, at £1.24m, compared with £1.15m. Turnover of this acoustical and electrical engineering and manufacturer rose from £22.66m to £24.85m for the year.

The directors say results were affected by strikes in the engineering and steel industries, although internal action largely overcame the setbacks.

However, the economic recession in the UK and the strong pound substantially reduced profits of two subsidiaries in the second six months and since then their effects have extended to all companies in the group.

After lower tax of £302,000 (£412,000) earnings per 25p share were up 4p to 18.5p, while the net dividend total is raised from 3.75p to 4p with a final of 3p.

Interest charge increased from £447,000 to £570,000.

CORAL INDEX: Close 492-497 (+2)

## Kynoch back to dividends

A turnround of £84,500 to a pre-tax profit of £51,827 was achieved by G. and G. Kynoch, woollen cloth manufacturer, for the year ended August 31, 1980, and the company returns to the dividend list with 1p net per 25p share—last payment was a final of the same amount in 1978.

While the directors say it is not easy to predict the future, they are with confidence looking for a continuation of the improvement started in 1979-80.

At the halfway stage the company had reduced its losses from £31,459 to £21,775.

Turnover for the year expanded to £2.03m against £1.6m and profits were subject to a tax charge of £5,143 (£3,143), after which earnings are given as 6.6p per share, compared with a 7.1p loss.

There was an extraordinary credit last time of £20,315, and the amount retained came through at £33,859 against a £22,426 loss.

Mr. Gordon D. J. Hay has joined the board and has taken over as chairman from Mr. G. B. Kynoch, who is remaining on the board as a non-executive director.

### APPOINTMENTS

## Board change at BP Trading

Mr. B. R. R. Butler will be appointed a director of BP TRADING on January 5, 1981, with responsibility for exploration and production. Mr. F. K. Rickwood will be retiring on January 4 and will relinquish his position as a director on that date.

★

Mr. A. Simpson has resigned from the Board of ARBUTHNOT LATHAM HOLDINGS.

★

Mr. Graham H. Rutherford has been appointed director of marketing at STONE AND WEBSTER ENGINEERING in place of Mr. W. Rockenhauser who has returned to a senior position in marketing at Stone and Webster in Boston, U.S.

★

Mr. Gerald M. Ronson is to become chairman of the HERON MOTOR GROUP. He will succeed Mr. Peter S. Reynolds, who relinquishes his position as chairman and director on November 1 and will concentrate on the non-motor interests of Heron Corporation in Europe and overseas.

★

Mr. R. A. Pottruff has been appointed a director of JOHN I. JACOBS AND CO. from January 1.

★

Mr. M. J. Paterson, company secretary of Caledonian Associated Cinemas, has been appointed a director of CALEDONIAN ASSOCIATED PROPERTIES.

★

Dr. David A. Jones, director of Ewbank Consultancy, has been appointed chairman of the power division of the INSTITUTION OF ELECTRICAL ENGINEERS.

★

Mr. David Ensor and Mr. Barry Lawrence have been appointed to the Board of DIKTAT.

★

Mr. Paul McKee has been appointed to the new ITN post of programme development executive. He joins the company's senior management and will be mainly responsible for co-ordinating and planning ITN's Breakfast Television application and its contribution to Channel Four.

★

Mr. Robert Buchanan has been appointed manager of the SCOTTISH GENERAL INSURANCE COMPANY and Mr. William Littlejohn has become assistant manager. The company is a subsidiary of General Accident.

★

Mr. K. M. Nicol, technical director of MAWDSLEY'S, will be retiring at the end of December. Dr. W. Farrer will be joining the company on November 3 as head of engineering, reporting to Mr. L. Furniss, managing director. On the retirement of Mr. Nicol, Dr. Farrer will take over full responsibility for the technical direction of the company. He was formerly development manager of Brush Electrical Machines.

★

Mr. James P. White, a director of OFFICE CLEANING SERVICES, has been appointed managing director and Mr. Stephen G. Bonner has become financial director. Mr. Brian L. Capon and Mr. Harry E. Saker have been made directors.

★

The GREATER LONDON COUNCIL has appointed Mr. John Crockford as director of financial services. He has been GLC's assistant treasurer since 1973, and will now be responsible for co-ordinating the Council's financial administration and services. The new post follows a reorganisation of finance functions on the retirement in July of the GLC treasurer Mr. Kenneth Lovell.

★

Mr. David Webb has been appointed operations director for ABERDEEN SCAFFOLDING. He was previously national design manager for the parent concern, Stephens and Carter.

★

Mr. Christopher M. Power has joined the Board of AVO, of Dover, Kent, as managing director. Mr. David Tedd has become technical director. Mr. Power was previously managing director of Cambridge Medical Instruments.

★

Mr. R. S. McDowell has become deputy managing director of OLIVER ASHWORTH (BURY) and Mr. H. J. Bidingham has joined the Board as marketing director.

★

Mrs. Mair Barnes has joined the Board of E. DINGLE AND CO., the West Country and South Wales group of department stores in the House of Fraser. She holds the post of group general manager responsible for the day-to-day running of all the Dingle Group stores.

★

Mr. T. F. Harrison has been appointed chairman and Mr. B. T. Stow, chief executive officer, of BUTTERICK FASHION MARKETING COMPANY U.K.

### SPAIN

| October 24 | Price % | + or − |
|---|---|---|
| Banco Bilbao | 252 | |
| Banco Central | 282 | |
| Banco Exterior | 219 | |
| Banco Hispano | 241 | −3 |
| Banco Ind. Cat. | 125 | |
| Banco Madrid | 141 | |
| Banco Santander | 282 | −1 |
| Banco Urquijo | 132 | |
| Banco Vizcaya | 261 | |
| Banco Zaragoza | 220 | |
| Dragados | 110 | −2 |
| Espanola Zinc | 63 | −2 |
| Fecsa | 64.2 | |
| Gal. Preciados | 32.5 | |
| Hidrola | 69 | −0.2 |
| Iberduero | 66 | −0.2 |
| Petroleos | 115.6 | +1.3 |
| Petroliber | 88.5 | |
| Sogefisa | 102 | |
| Telefonica | 62 | −0.5 |
| Union Elect. | 69 | |

## LONDON TRADED OPTIONS

| Option | Ex'rcise price | Jan. Closing offer | Jan. Vol. | April Closing offer | April Vol. | July Closing offer | July Vol. | Equity close |
|---|---|---|---|---|---|---|---|---|
| BP | 390 | 88 | 6 | 104 | — | — | — | 457p |
| BP | 420 | 60 | 74 | 80 | 4 | 88 | — | " |
| BP | 460 | 38 | 87 | 66 | — | 76 | — | " |
| Com. Union | 180 | 8 | 126 | 16 | — | 21 | — | 165p |
| Cons. Gold | 550 | 120 | 3 | 140 | 2 | — | — | 627p |
| Cons. Gold | 600 | 88 | 4 | 105 | — | 125 | 2 | " |
| Cons. Gold | 650 | 60 | 22 | 75 | 4 | 90 | 5 | " |
| Cons. Gold | 700 | 38 | 27 | 53 | — | — | — | " |
| Courtaulds | 50 | 21 | 1 | 21½ | — | — | — | 66p |
| Courtaulds | 60 | 11½ | 53 | 15½ | 11 | 18 | — | " |
| Courtaulds | 70 | 6 | 5 | 10½ | 4 | 13 | — | " |
| GEC | 500 | 103 | 4 | 123 | 1 | 142 | — | 567p |
| GEC | 550 | 55 | 92 | 88 | — | 107 | — | " |
| GEC | 600 | 35 | 26 | 58 | — | 82 | 4 | " |
| Grand Met. | 130 | 38 | 3 | — | — | — | — | 161p |
| Grand Met. | 140 | 28 | 1 | 34 | — | 38 | — | " |
| Grand Met. | 160 | 15 | 87 | 23 | — | 26 | 1 | " |
| Grand Met. | 180 | 6 | 15 | 11½ | 12 | — | — | " |
| ICI | 300 | 61 | 3 | 58 | — | 64 | — | 332p |
| ICI | 330 | 28 | 16 | 38 | 8 | 44 | 6 | " |
| ICI | 360 | 12 | 26 | 22 | 12 | — | — | " |
| ICI | 390 | 6 | — | 12 | 10 | — | — | " |
| Land Secs. | 353 | 53 | 15 | — | — | — | — | 388p |
| Land Secs. | 390 | 27 | 8 | 46 | — | 58 | — | " |
| Land Secs. | 430 | 14 | 20 | 30 | 50 | — | — | " |
| Marks & Sp. | 80 | 40 | 13 | — | — | — | — | 117p |
| Marks & Sp. | 90 | 30 | 4 | 36 | — | — | — | " |
| Marks & Sp. | 100 | 22 | — | 28 | 1 | 32 | — | " |
| Marks & Sp. | 110 | 13½ | 92 | 20 | 50 | 24 | — | " |
| Marks & Sp. | 120 | 7½ | 87 | 13 | — | 18 | 6 | " |
| Shell | 360 | 116 | 30 | — | — | — | — | 456p |
| Shell | 420 | 66 | 1 | 80 | — | 92 | — | " |
| Shell | 460 | 38 | 1 | 54 | — | 66 | — | " |
| Totals | | | 828 | | 139 | | 22 | |
| | | November | | February | | May | | |
| Imperial Gp. | 80 | 1½ | — | 5½ | 200 | 8½ | — | 78p |
| Imperial Gp. | 90 | ¾ | — | 2½ | — | 4½ | 6 | " |
| Lonrho | 94 | 23 | 44 | 30 | 8 | — | — | 115p |
| Lonrho | 104 | 13 | 88 | 21½ | 10 | — | — | " |
| Lonrho | 110 | — | — | — | — | 21 | 12 | " |
| Lonrho | 114 | 7 | 32 | 14 | 20 | — | — | " |
| Lonrho | 120 | 4 | — | 12 | 14 | 17 | — | " |
| P. & O. | 110 | 19 | 10 | 28 | 1 | 27 | — | 126p |
| P. & O. | 120 | 10 | 3 | 17½ | 5 | 21½ | 5 | " |
| P. & O. | 130 | 4½ | 20 | 16 | 29 | 14 | — | " |
| P. & O. | 140 | 2 | — | 7½ | 30 | 10 | — | " |
| Racal Elec. | 260 | 87 | 35 | 101 | — | — | — | 342p |
| Racal Elec. | 330 | 34 | 4 | 47 | 22 | 64 | — | " |
| Racal Elec. | 360 | 9 | 5 | 30 | 6 | 46 | — | " |
| RTZ | 454 | 25 | 8 | 48 | — | 70 | 1 | 470p |
| RTZ | 494 | 9 | 7 | 87 | 1 | 50 | — | " |
| Totals | | | 256 | | 339 | | 24 | |

# WORLD STOCK MARKETS

## Wall St. cautious and easier

NARROWLY LOWER levels were recorded on Wall Street yesterday, when investors remained cautious about inflation and interest rates.

By 1 pm the Dow Jones Industrial Average was off another 2.39 at 937.12, making a fall of 19.02 on the week, while the NYSE All Common Index, at $74.46, shed 23 cents on the day and $1.46 on the week. Declines led advances by a three-to-two majority in a volume of 28.19m (34.47m) shares.

Consumer prices rose 1 per cent in September, which was only slightly above Wall Street's estimates. A factor in the increase was a 1.6 per cent rise in Food prices. Recent news of a poor Soviet grain harvest and big U.S. grain sales to China further dimmed the Food Price outlook.

Chase Manhattan Bank raised its Broker Loan rate to 14½ per cent from 14 per cent, while Citibank held its Prime Rate steady at 14 per cent. But Broker rate increases often precede higher *Prime Rates*.

Oils continued weak. Volume leader Phillips Petroleum slipped $½ to $51⅞, despite news of improved third quarter profit. Mesa Petroleum added $⅞ at $52½ on higher September quarter net earnings. Gulf Oil declined $⅜ to $43⅞.

Procter and Gamble tacked on $¼ at $70¾, following slightly higher fiscal first quarter results.

Prime Motor Inns fell $1¼ to $13⅝—its planned Atlantic City casino venture with Dunes Hotel has been called off because financing could not be arranged. Dunes Hotel rose $⅝ to $20¼ (on the American SE).

Caesars World and Caesars New Jersey were not trading, pending a decision by Caesars' Board on whether to accept conditions set by the New Jersey Casino Control Commission as necessary to granting a Gaming Licence for the Boardwalk Regency Hotel. The Commission ruled that Caesars chairman and vice chairman, Clifford and Stuart Perlman, must resign from any position of influence with the company and sell their stock.

Sony shed $⅛ to $14⅞—a block of 1,059,000 shares traded at $14⅞.

Holly Sugar slipped $⅞ to $53⅞ and Amalgamated Sugar $⅞ to $60⅞, although each reported sharply higher earnings for their September quarters.

Mining shares rose as bullion firmed after recent weakness. ASA moved up $1⅜ to $81½ and Homestake $1½ to $77½.

THE AMERICAN SE Market Value Index lost 1.62 to 354.03, making a loss of 3.62 on the week. Volume decreased 1m shares to 3.63m, compared with 1 pm Thursday.

Closing prices for North America were not available for this edition.

### Canada

Markets remained broadly lower in active trading around noon yesterday when the Toronto Composite Index fell 7.0 to 2,316.1 and 10 of 14 sub-indices declined.

The Metals and Minerals Index lost 14.2 to 2371.8, Oil and Gas 28.0 to 4891.9, Papers 1.25 to 201.39, Banks 1.07 to 373.01 and Utilities 0.44 to 278.27. But Golds rallied 51.9 to 5543.3.

### Paris

Prices weakened in active trading, reflecting Wall Street's overnight decline plus the fall in gold prices.

All sectors weakened except Electricals, which tended mixed.

Matra closed at FFr 9,070 ex the three-for-one free share issue.

Saint Gobain added FFr 6.6 at 138 and Air Liquide gained FFr 10 at 541 each on higher first-half 1980 profit.

### Germany

Share prices continued to decline in nervous trading.

Banks were again among losers. A slight overall uptrend after announcement of the West German trade figures showing a September trade surplus of over DM 1.6bn compared to August's deficit of DM 133m quickly faded away.

Electricals were marginally lower. Machine-Makers generally declined, but Chemicals made small gains.

Bonds continued to decline, although the big sell-off of recent sessions appeared to be ending. Bundesbank purchased only DM 7.2m of Public Sector issues, compared to Thursday's DM 70.8m.

The first official day of sale of the DM 1.2bn Government Loan saw continued apathy with the price quoted more than one point down from the 99 per cent issue level.

### Switzerland

Prices fell significantly in above-average volume, with Bearer shares of leading stocks losing up to 1 per cent and more.

Overnight weakness on Wall Street, a firm dollar and interest rate worries triggered heavy profit-taking.

### Milan

Prices advanced in active trading marked by strong demand in the Financial sector.

Convertibles gained in a quiet Bond sector.

The Milan Bourse Committee decided to suspend the Opening Call from next Monday in a move to streamline trading.

Dealing will begin as usual at 10.00 local time, but there will be only one call in place of the present opening and closing calls.

### Tokyo

Share prices eased for the fourth consecutive day in thin trading—230m shares—with many investors holding off in view of the further overnight decline on Wall Street plus the sharp fall of the yen against the U.S. dollar.

Heavy Electricals, Shipbuildings and Trading Houses weakened, while high-priced Electricals lost ground.

Nippon Oil shed Y60, to 1,370 on selling by some major speculative brokers.

Hitachi shed Y4 to 337, despite its good half year business results, discouraging other "large capitals" such as Toshiba, Hitachi Shipbuilding and Mitsubishi Heavy Industries.

But some Blue Chips and Electricals firmed on "cheap" buying, with Fuji Photo adding Y9 at 769, and Fujitsu Y8 at 553.

### Hong Kong

Firmer in moderately active trading, with the Hang Seng Index adding 27.59 at 1,462.11.

### Singapore

Prices slipped back across the board in generally listless trading.

On its first day of listing, Keppel Shipyard climbed to S$4.40, before selling by "Stags" (who had bought shares at tender ahead of the listing for S$3 a share) sent the price off its best to S$4.22.

### Australia

Shares eased slightly. Trading began badly with Gold Mines, jolted by the sharp fall in bullion prices, recorded sharp losses. The market's problems were further compounded by a partial withdrawal of London interest and general disappointment with the Nagoorin/Lowmead shale oil report.

### Johannesburg

Gold shares generally eased although some Producers pared losses and a few firmed as the gold price recovered slightly.

Trading was quiet and net losses ranged to 450 cents in Heavyweights and to 50 cents among Medium and Lightweights.

Anglo Group Gold Mines closed lower following dividends and quarterlies.

# Australian builder to expand in U.S.

By James Forth in Sydney

BORAL, the building products group, is expanding its activities in the U.S., with a bid of about US$40m (A$35m) for Merry, the third largest brick manufacturer. Boral's U.S. subsidiary has entered into an option agreement concerning 50.4 per cent of the capital held by the family of Mr. Peter S. Knox III and other executives. If exercised by March 31, 1981, Boral would pay US$18 a share and the Merry shareholders would also receive pro-rata entitlements in a new entity which would hold about 4,000 acres of land near Augusta, Georgia.

The pro-rata entitlements would be equivalent to shareholders' existing interests in Merry. The remaining shareholders in Merry would be offered the same terms, and if all holders sold it would cost Boral just over US$40m.

Merry operates two brick plants at Augusta, Georgia, and Columbia, South Carolina, producing about 500m bricks a year. A portion of the land which would be retained by existing Merry shareholders contains clay reserves. The new entity to be formed will enter into a long-term contract to give the Boral-controlled Merry the right to mine the clay. The remainder of the land may be suitable for land development by the new entity.

# Foreigners lift Hitachi stake

TOKYO — Hitachi, the integrated Japanese electrical equipment maker, said yesterday that foreign investors accounted for 20.7 per cent of its stock-ownership at the end of September, against 13 per cent six months earlier. Agencies

# Modest first-half progress at French trading group

BY TERRY DODSWORTH IN PARIS

COMPAGNIE FRANCAISE de l'Afrique Occidentale, the French trading group, registered a marginal increase in consolidated profits in the first six months of this year despite a 7 per cent increase in turnover to FFr. 3.55bn ($845.7m).

The company points out that the rise in profits from FFr. 82.4m to FFr. 83.2m ($19.37m) should be judged against the fact that the results last year included an exceptional gain from its Sodium subsidiary. If this figure were excluded from the results, the net progression this year would amount to almost 22 per cent.

In a letter to shareholders, M. Jacques Mullier, chairman, says that he expects this advance on last year to be maintained until the end of 1980. But he adds that the group is experiencing considerable difficulties depending on the sector and country concerned.

The group's affiliate in Africa, CFAO Afrique, are withstanding the crisis as a whole, although M. Mullier says that economic conditions in Senegal and Liberia are causing serious problems. Trade in Nigeria and Gabon, on the other hand, is extremely active.

On the building materials side, Group Laho has registered a 20 per cent improvement in sales in the first half, although there are now signs of a stagnation of activity. The machinery distribution business has also seen a big improvement.

M. Muller adds that while the leather and skins business remains depressed at present, its travel division has once again improved its results.

# Problems at Caesar's World

BY DAVID LASCELLES IN NEW YORK

TOP OFFICIALS of Caesar's World, the large gambling and entertainment company yesterday got into a huddle to decide how to respond to an order that its chairman and vice-chairman must resign if the company is to get a permanent licence to operate its new casino in Atlantic City, New Jersey.

Caesars' attempts to get established in the only legal casino centre in the U.S. outside Nevada have been dogged by allegations from the state gaming control authorities that its senior officers are connected with organised crime.

Late on Thursday, the Casino Control Commission ruled that Mr. Clifford Perlman, chairman, and his brother Stuart who is the vice chairman must resign and divest themselves of any interest in the company before a licence can be issued.

Caesar's Casino, known as The Boardwalk Regency, has been operating under a temporary licence which is due to expire tomorrow and it will have to close unless a permanent licence is granted. The casino, the third to open in Atlantic City since the boom started in 1978, has been taking in more than $500,000 a day.

# Brambles and Nedlloyd link in coke plant plan

By Our Sydney Correspondent

BRAMBLES INDUSTRIES and the Nedlloyd shipping group of Holland have joined the consortium which is studying the feasibility of establishing a A$1.2bn (U.S.$1.41bn) coke-making complex at Gladstone, on the Queensland coast.

The consortium is led by Lend Lease Corporation, the Australian property development and construction group. Brambles and Nedlloyd are forming a joint company Austhulk Pty. Ltd. which will look mainly at the transport needs of the proposed operation. Brambles is a transport group with experience in land transport systems and Nedlloyd is an internationally recognised shipping operator.

Austhulk will participate in the full feasibility which is expected to be completed within 12 months.

# Increase in interim profit for Amalgamated Retail

BY JIM JONES IN JOHANNESBURG

AMALGAMATED RETAIL (Amrel), the furniture and footwear retailer which is 67.2 per cent-owned by South African Breweries, increased its first half pre-tax profit by 83 per cent to R8.36m ($11.1m) in the six months to September 30. Turnover was 41 per cent higher, at R78.4m ($105m). The profits compare with a first half pre-tax profit of R4.57m last year and with R14.7m for the year to March 31 1980. First-half turnover last year was R55.7m, in the first six months of 1979-80 and R126.6m for the whole financial year.

The management is confident that the current South African consumer spending boom will continue in the second half of the current financial year, and has increased stockholdings in order to cope with what it expects will be a busy Christmas season. During the financial year's second half, a further 10 furniture stores and 18 shoe stores are to be opened — to increase the number of furniture outlets to 140 and that of shoe outlets to 250.

The directors warn, however, that though the current half-year's earnings are likely to be significantly better than those in last year's corresponding period. The company is now trading off a higher base and that the first-half's rate of improvement may not be maintained.

An interim dividend of 23 cents has been declared from first half earnings of 68.7 cents per share. This compares with an interim dividend of 13 cents and earnings of 39.0 cents in the first half of last year. The total dividend last year was 41.5 cents, and earnings 124.2 cents per share.

# Earnings advance 12% at ABV

By Westerley Christner in Stockholm

ABV, the Swedish construction group, increased group pre-tax earnings by 12 per cent to SKr 56m ($13.46m) for the first eight months of this year on group turnover which advanced to SKr 3.1bn from SKr 2.8bn a year earlier.

For 1980 as a whole, the Board expects group pre-tax profit to surpass last year's SKr 76m by around SKr 9m because of a sharp increase in parent company operating profit.

Eight-months earnings for the parent company reached SKr 53m during the period, more than doubling the SKr 23m during the same period last year, on turnover of SKr 2.23bn against SKr 2.29bn. No prediction for turnover is provided for 1980 as a whole.

# Toyota lays out AMI plan

By Our Sydney Correspondent

TOYOTA, the Japanese motor vehicle group, has called off negotiations which could have led to a full takeover bid for Australian Motor Industries, the vehicle assembler and distributor.

Toyota Motor Company and Toyota Motor Sales, which already own 50.1 per cent of AMI's capital, announced in June that they were holding talks with the next two largest shareholders.

Purchase of the holdings would have triggered the need for a full takeover bid but AMI directors said that they had been informed by Toyota that the talks are "not continuing." However, AMI has announced management changes which result in Toyota moving in to the top spots.

Mr. Ken Hougham, who was managing director of AMI from 1961 until 1979, has retired from the board. Mr. Mal Webster, the general manager who replaced Mr. Hougham as chief executive, has now replaced him on the AMI board. Mr. N. Itaya, presently assistant department head of Export-Oceania department, Toyota Motor Sales, takes over as managing director.

# General Atomic in $44m uranium pact

BY DAVID TONGE IN NEW YORK

GENERAL ATOMIC, the nuclear power and uranium subsidiary of Gulf Oil and Royal Dutch Shell, yesterday settled the last case against it by a U.S. utility when it agreed to pay Pennsylvania Power and Light (PPL) $43.9m over the next seven years. The company also contracted to supply PPL with 2.5m lb of uranium between now and 1987.

This is less than the 3.2m lb originally contracted and will be supplied at market prices at the time of delivery rather than the lower prices to which the company was committed.

The settlement is the latest in a long series of pacts reached out of court. The cases arose after Westinghouse, the U.S. nuclear power plant company, pleaded "commercial impracticability" in 1975 as a reason for not supplying 80m lb of uranium to customers.

Like Westinghouse, General Atomic had been offering uranium supplies to customers, but, with prices soaring, found itself unable to deliver when its own suppliers fell short. The Gulf subsidiary has recently settled out of court with Ranchers-Houston Natural Gas but, its major suits against its suppliers are unsettled.

For the purposes of litigation, all the costs of the settlement with PPL are being met by Gulf, which included them in its third quarter balance sheet at a present value of $30m—one of the reasons why Gulf's nuclear affiliate's losses widened from $1m in the third quarter last year to $47m this year.

# National Can gains from overseas operations

BY OUR FINANCIAL STAFF

NATIONAL CAN, the third largest metal can maker in the U.S., which earns nearly one third of its profits abroad, continued its growth in the third quarter with a rise of 20 per cent in net earnings to $21.2m or $2.14 a share. Sales growth of 14 per cent to $462.8m slackened from earlier in the year.

With nine month earnings up 19.4 per cent to $46m or $4.60 a share, National Can is well on the way to meeting Wall Street forecasts that it will exceed its 1979 total of $4.81 a share.

The company said the third quarter results have been restated to reflect consolidation of the International operations.

In the first half year, sales were up 20 per cent but at the pre-tax level, domestic income was down by about one-third. The situation was retrieved with the help of a 32.5 per cent increase in equity earnings of foreign units.

Further growth overseas is seen as the source of expansion for the company in the short term, which is likely to remain affected at home by the progress of the U.S. recession.

# Dentsply cuts exchange losses

By Our Financial Staff

A SIGNIFICANT reduction in foreign exchange losses has brought a recovery in profits at Dentsply International, the U.S. dental supply company which usually generates about half its net earnings abroad.

In the third quarter, net earnings rose 36 per cent to $1.8m or 39 cents a share and included exchange losses of only 15 cents a share against 42 cents in the comparable period. Sales rose 4.7 per cent to $61.8m.

# Come By Chance refinery sale approved

BY OUR FINANCIAL STAFF

THE Newfoundland Supreme Court has approved the sale of the refinery at Come By Chance to Petro-Canada, the federally-owned oil company.

In a written judgment, the judge, Mr. Nathaniel Noel, said that "every opportunity of selling on better terms has been explored and no other opportunity of selling is expected."

The ruling allows the refinery's receiver and its first mortgage holder to close the sale with Petro-Canada. The receiver is Peat Marwick and the first mortgage holder is Kleinwort Benson, the London merchant bank.

The selling price is an estimated $70m (US$60m), depending on the results of a meeting in mid-November to secure the deal.

The judge dismissed a claim by two creditors, Atlantic Trading (Delaware) and Ataka America, that Peat Marwick and Kleinwort had no authority to sell the refinery without their consent.

The 100,000-barrel-a-day refinery, formerly owned by the interests of Mr. John Shaheen, the New York industrialist, was opened in 1973 but has been idle since 1976 when it went into receivership.

Two Shaheen affiliates had made competing offers to buy back the refinery.

The judge noted that Kleinwort believed these were "not sound propositions" and were offers to negotiate a sale on credit.

COMMODITIES/REVIEW OF THE WEEK

# Sharp setback in world sugar market

BY OUR COMMODITIES STAFF

WORLD SUGAR values fell sharply this week with the London daily raws price slipping £22 to £383 a tonne and the March position on the London futures market £19.075 to £416.275 a tonne.

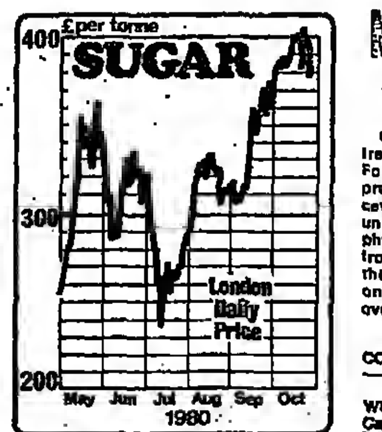
Dealers said there was no positive news to explain the fall, which they attributed to the absence of fresh "bullish" factors and the strength of sterling. The failure of the market to break into new high ground at the end of last week dented many speculators' faith in the rising trend being maintained and brought out selling instead.

Reports from Moscow that 75 per cent of the Soviet beet harvest had been harvested tended to encourage the decline. The figure indicated that the crop was well behind normal but that the situation had not deteriorated in recent weeks.

West German sugar statistician F. O. Licht warned yesterday, however, that sugar farmers in the Ukraine were in a race against time to lift their remaining beets before sleet storms and severe frosts arrive.

Cocoa prices slipped to new life-of-contract lows, the March futures position in London finishing at £990.5 a tonne, down £2 on the week.

Talks aimed at reviving the International Cocoa Agreement, which aims to stabilise prices, are scheduled to begin in Geneva on Monday.



U.S. ratification of the new International Natural Rubber Agreement this week cleared the way for the pact to come into provisional operation. But this made little impression on the London market where RSS No. 1 physical rubber fell 3p to 58.5p a kilo, the lowest level for more than two months.

U.S. ratification took consumer representation above the 65 per cent of consumption required for provisional operation of the agreement. Full operation, including the planned 550,000 tonnes buffer stock, will not be possible until ratifications equal 80 per cent of consumption and production.

Tin prices came under renewed pressure on the London Metal Exchange this week falling to the lowest level for 13 months. The U.S. stockpile authorities announced this week a change in the method of offering surplus stockpile tin in the hope that it will lead to increased sales.

So far since the disposal programme started on July 1 only five tons of stockpile tin have been sold at the fortnightly offering to the highest bidder. This is far below the planned disposal of 10,000 tons annually over the next three years. So now it has been decided to revert to selling on a daily basis at a fixed price adjusted to current market levels.

However, these "bearish" influences have been counter-balanced to some extent by a shortage of immediately available supplies in Europe. Cash tin ended the week only £50 lower at £6,815 a tonne after moving to a premium over the three months quotation at one stage.

Copper prices, after moving lower in line with the easier trend in precious metals, rallied sharply yesterday. Cash wirebars gained £16 to close at £857.5 a tonne, £14.5 up on the week. The sudden recovery was attributed to some strong consumer buying demand, especially from the U.S. where several producers have raised their domestic prices.

## WEEKLY PRICE CHANGES

| | Latest prices per tonne unless stated | Ch'nge on week | Year ago | 1980 High | 1980 Low |
|---|---|---|---|---|---|
| **METALS** | | | | | |
| Aluminium | £810/810 | — | £750/760 | £810/815 | £760/70 |
| Free Markets c.i.f. | $1055/1665 | —30 | $1,750/1,800 | $2180/2280 | $1680/1850 |
| Antimony | | | | | |
| Free Market 99.6% | $3,200/3250 | — | $3,060/3,170 | $3,435 | $3200/3250 |
| Copper Cash Wire Bars | £907.5 | +14.5 | £927.5 | £1,372 | £810.5 |
| 3 months Do. Do | £827.70 | +10.0 | £940.70 | £1,375.0 | £834.75 |
| Cash Cathodes | £828.5 | +14.5 | £915 | £1,315 | £785.5 |
| 3 months Do | £858.25 | +13.75 | £925 | £1,343.0 | £810.5 |
| Gold per oz. | $630.5 | —34 | $376.5 | $850 | $473 |
| Lead cash | £355 | —10 | £572.0 | £679 | £299.6 |
| 3 months | £370.0 | —10 | £569.0 | £471.6 | £308.75 |
| Nickel | £3,168 | — | £3,060.62 | £3,477 | £3,168 |
| Free Market c.i.f. lb. | 285/310c | —5 | 265/280c | 315/345 | 265/295c |
| Platinum per oz. | £208 | — | £121 | £203 | £182.50 |
| Free Market per oz. | £205.80 | —12.6 | £232.35 | £460.5 | £250 |
| Quicksilver (76lbs.) | $400/410 | —10 | $300/315 | $412/423 | $370/380 |
| Silver per oz. | 770.50p | —32.15 | 782.60p | 2,100.86p | 467.80p |
| 3 months per oz | 800.50p | —32.6 | 801.50p | 2,185.95p | 483.3p |
| Tin cash | £2,215 | —50 | £7,415 | £8,350 | £6,815 |
| 3 months | £6,867.5 | —97.5 | £7,276.5 | £8,395 | £6,857.0 |
| Tungsten Ind | $142.21 | — | $143.47 | $148.21 | $137.75 |
| Wolfram (22.04 lb) | $147/150 | —0.5 | $140/144 | $151/154 | $129.50/134 |
| Zinc cash | £331,000 | —0.370 | £319.0 | £400 | £282 |
| 3 months | £342.25 | —2 | £329.5 | £415 | £292.25 |
| Producers | $823 | | $780 | $820 | $750 |
| **GRAINS** | | | | | |
| Barley | | | | | |
| Home Futures | £97.00 | +0.7 | £97.20 | £101.55 | £89.95 |
| Maize | | | | | |
| French No. 3 Yellow (Amer). | ‡ | — | $114.70 | £122.5 | £110.50 |
| **WHEAT** | | | | | |
| No. 1 Red Spring | ‡ | | | | |
| Am. Hard Winter | £102.25x | +0.75 | £103.75 | £105 | £91.0 |
| Eng. Milling (new crop) | ‡ | — | | | |
| **SPICES** | | | | | |
| Cloves (g) | £4,100u | — | £3,900 | £4,175 | £3,750 |
| Pepper, white | $2,200u | +25 | $2,775 | $2,825 | $2,150 |
| " black | $1,640u | — | $1,900 | $2,000 | $1,575 |
| **OILS** | | | | | |
| Coconut (Philippines) | $520z | — | $920 | $925 | $660 |
| Groundnut 5% | ‡ | — | ‡ | £457 | |
| Linseed, Crude | ‡ | — | £406 | $464 | £338 |
| Palm Malayan | $545t | +40 | $605 | $725 | $475 |
| **SEEDS** | | | | | |
| Copra (Philippines) | $365u | —5 | $595 | 610 | $350 |
| Soyabeans (U.S.) | ‡ | — | $269 | $352 | $260.0 |
| **OTHER COMMODITIES** | | | | | |
| Cocoa Shipment | £1,032 | +4 | £1,467 | £1,546 | £1,023 |
| Cocoa Futures Mar. | £990.5 | —2 | £1,378 | £1,513.5 | £968.5 |
| Coffee Futures Jan. | £1,085.5 | —29 | £1,823.5 | £1,794.5 | £994.5 |
| Cotton Index | 99.40c | +1.5 | 77.80c | 103.8c | 83c |
| Des. Coconut | £640 | — | £700 | £740 | £640 |
| Jute LJ ASW C grade | £216u | — | £222 | £226 | £187 |
| Rubber kilo | 58.50p | —3 | 61p | 90p | 55.50p |
| Sago Pearl | £205u | — | £318 | £315 | £204 |
| Sisal No. 3 L | $885 | — | $885 | $888 | $840 |
| Sugar (Raw) | £383 | —22 | £155 | £405 | £164 |
| Tapioca No. 1 | £226u | — | £209 | £226 | £202 |
| Tea (quality) kilo | 140p | +15 | 155p | 150p | 125p |
| " (plain) kilo | 54p | — | 68p | 75p | 55p |
| Wooltops 64s Warp | 285pkilo | +1 | 285p | 308p kilo | 276p kilo |

‡ Unquoted (g) Madagascar. (x) Nov. (t) Dec. (u) Oct./Nov. (y) Nov./Dec. (z) Dec./Jan.

# MARKET REPORTS

## BASE METALS

COPPER—Advanced in more active trading on the London Metal Exchange. Forward metal opened strongly in the pre-market in line with overnight indications from the U.S., where fears of unrest in Zambia gave rise to good physical demand. The metal traded up from £875 through £878 to a high for the day of £888.5, before slipping back on the late Kerb to close at £886. Turnover 29,050 tonnes.

| COPPER | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Wirebars | | | | |
| Cash | 851.5-2.5 | +15.2 | 857-8 | +16 |
| 3 months | 882.5-3 | +15.5 | 887.5-8 | —14.5 |
| Settlem't | 852.5 | +15.5 | — | |
| Cathodes | | | | |
| Cash | 823-5 | +18 | 828-8 | +17.5 |
| 3 months | 854-.5 | +16.7 | 858-.5 | +15.2 |
| Settlem't | 825 | +18.5 | ... | ... |
| U.S. Prod | ...... | | *93.5-102 | ...... |

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £852. Three months £878, 79, 80, 81, 80.5, 80, 81, 80, 80.5, 81, 82, 83, 82.5. Cathodes three months £854. Kerb: Wirebars three months £883, 82, 83, 84, 84.5. Afternoon: Wirebars late December £880. Three months £887, 86.5, 86, 87, 86, 88.5, 88. Cathodes cash £829. Three months £858. Kerb: Wirebars three months £887, 86, 85.5, 85, 86, 85.5, 86, 86.5, 87, 86, 86.5, 85, 85.5, 86.

TIN—Stronger in fairly active trading. After opening at £6,820, forward metal traded down to a low of £6,790, and then staged a sharp advance to £6,880, where it closed on the late Kerb. Turnover 1,460 tonnes.

| TIN | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| High Grade | £ | £ | £ | £ |
| Cash | 6835-40 | +32.5 | 6810-20 | —20 |
| 3 months | 6860-5 | +37.5 | 6865-70 | —10 |
| Settlem't | 6840 | +38 | | ...... |
| Standard | | | | |
| Cash | 6835-40 | +32.6 | 6810-20 | —20 |
| 3 months | 6860-5 | +37.5 | 6865-70 | —10 |
| Settlem't | 6840 | +38 | — | ...... |
| Straits E. | $2085 | — | — | ...... |
| New York | — | — | — | ...... |

Morning: Standard cash £6,830, 35. Three months £6,830, 40, 50, 40, 50, 55, 50, 60. Kerb: Standard three months £6,870, 80. Afternoon: Standard cash £6,815. Three months £6,870, 65, 70. Kerb: Standard three months £6,880, 70, 80.

LEAD—Slightly weaker in fairly quiet conditions. After opening at £373, in line with last night's close, three months material settled around the £370 level for most of the day, closing at £372. Turnover 11,050 tonnes.

| LEAD | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 355-6 | —6.25 | 354-5 | —5 |
| 3 months | 370.5-1 | —0.75 | 370-1 | —5 |
| S'ment | 356 | —6 | — | ...... |
| U.S. Spot | — | | *42.45 | ...... |

Morning: Cash £356. Three months £373, 72, 73, 72.5, 72, 71.5, 71. Kerb: Three months £372. Afternoon: Three months £372, 71, 70, 71, 70.5. Kerb: Three months £371, 71.5, 72.

ZINC—Barely changed in quiet trading. The day's trading range was between £341 and £343, with the close on the late Kerb £342. Turnover 5,800 tonnes.

| ZINC | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 331.5-2 | +1 | 331.5-.75 | +.375 |
| 3 months | 341-2 | —.75 | 348-.5 | +.5 |
| S'ment | 332 | +1 | — | ...... |
| Primw'ts | — | | *37.5-37.75 | — |

Morning: Cash £331, 32. Three months £341.5, 42. Kerb: Three months £342, 42.5. Afternoon: Cash £331.5. Three months £342.5, 42, 43, 42.5, 42. Kerb: Three months £342, 41, 41.5, 42.

ALUMINIUM—Barely changed in quiet trading. The low for the day was £693, and the close on the late Kerb £695.6. Turnover 4,675 tonnes.

| Alumin'm | a.m. Official | † + or — | p.m. Unoffic'l | † + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Spot | 665-7 | —3 | 668-9 | +1.5 |
| 3 months | 693-4 | —3 | 695-6 | +.75 |

Morning: Mid-December £692. Three months £694, 92, 93. Kerb: Three months £694. Afternoon: Three months £696, 97, 96.5, 96. Kerb: Three months £695, 94.

NICKEL—Declined in routine trading conditions. The day's low point was £2,760, and forward metal closed a little above that at £2,780. Turnover 1,062 tonnes.

| NICKEL | a.m. Official | + or — | p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 2785-30 | —27.5 | 2740-5 | —17.5 |
| 3 months | 2765-70 | —30 | 2781-5 | —18.5 |

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

Morning: Three months £2,785, 90, 85, 80, 70, 71, 72, 70, 72, 70, 75. Kerb: Three months £2,760, 62. Afternoon: Cash £2,740. Three months £2,775, 80, 81. Kerb: Three months £2,780.

## SILVER

Silver was fixed 7.9p an ounce lower for spot delivery in the London bullion market yesterday at 770.5p. U.S. equivalents of the fixing levels were: spot $18.93, down 7c; three-month $19.568, down 8.4c; six-month $20.313, down 5.4c; and 12-month $21.68, down 2c. The metal opened at 750p-763p ($18.45-$18.75) and closed at 775p-785p ($19.0-$19.2).

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. p.m. Unoffic'l | + or — |
|---|---|---|---|---|
| Spot | 770.50p | —7.9 | 779.5p | +14. |
| 3 months | 800.50p | —7.9 | 810.5p | +15.5 |
| 6 months | 832.40p | —8.8 | — | ...... |
| 12 months | 890.40p | —8.1 | — | ...... |

LME—Turnover 139 (241) lots of 10,000 ozs. Morning: Three months 800, 1, 800.5, 1. Kerbs: untraded. Afternoon: Three months 811, 10, 09, 10, 12, 11, 10, 11. Kerbs: three months 808, 6, 5, 6, 7, 8.

## COCOA

Cocoa futures traded £10 down today finding new contract lows. Small amounts of industry offtake supported the market at these levels. Origins remained withdrawn, reports Gill and Duffus.

| COCOA | Yesterd'ys Close | + or — | Business Done |
|---|---|---|---|
| Dec. | 950-952 | —7.5 | 955-950 |
| March | 990-991 | —7.5 | 995-988 |
| May | 1011-12 | —5.0 | 1015-08 |
| July | 1030-32 | —4.5 | 1038-30 |
| Sept. | 1050-52 | —3.5 | 1052-50 |
| Dec. | 1074-75 | —5.5 | 1075-72 |
| March | 1095-103 | —2.6 | 1097 |

Sales: 1,498 (855) lots of 10 tonnes.

ICO Futures—Daily price for Oct. 23 105.36 (105.32); 10-day average 105.39 (105.45); 15-day average 105.37 (105.30).

## COFFEE

Robustas opened slightly better than expected but in similar conditions to Thursday values hovered in a very tight range during the morning, reports Drexel Burnham-Lambert. The afternoon was very quiet with prices steadying until the close, when very heavy buying from one dealer lifted prices to the day's highs.

| COFFEE | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Nov. | 1047-48 | —6.2 | 1055-48 |
| January | 1086-87 | +3.5 | 1088-67 |
| March | 1048-49 | —0.2 | 1051-36 |
| May | 1047-49 | —4.0 | 1053-42 |
| July | 1058-60 | +0.5 | 1061-56 |
| Sept. | 1058-60 | —11.0 | 1055-60 |
| Nov. | 1055-60 | —12.5 | 1062 |

Sales: 2,941 (2,078) lots of 5 tonnes.

ICO Indicator prices for Oct. 23 (U.S. cents per pound). Other Mild Arabicas 123.33 (127.00). Robustas ICA 1976 124.00 (127.75). ICA 1968 124.25 (125.00). Unwashed Arabicas 210.00 (same). Comp. daily ICA 1968 156.47 (157.50).

## GRAINS

| M'nth | WHEAT Yesterday close | + or — | BARLEY Yesterday close | + or — |
|---|---|---|---|---|
| Nov. | 97.55 | +0.85 | 93.00 | +0.66 |
| Jan. | 101.85 | +0.80 | 97.55 | +0.65 |
| Mar. | 106.35 | +0.90 | 101.60 | +0.75 |
| May | 109.90 | +0.90 | 105.50 | +0.75 |
| July | 114.00 | +1.0 | — | — |
| Sept. | 99.00 | ...... | 94.80 | +0.25 |

Business done—Wheat: Nov. 97.50-97.00, Jan. 102.30-101.90, March 106.15-105.35, May 110.25-109.50, July 116.00-113.80, Sept. No trade. Sales 809 lots of 100 tonnes. Barley: Nov. 93.30-92.80, Jan. 97.75-97.20, March 101.75-101.20, May 105.55-104.90, July No trade, Sept. 95.00-94.80. Sales: 764 lots of 100 tonnes.

## RUBBER

The London physical market opened about unchanged with little interest throughout the day, closing quietly steady. Lewis and Peat reported a fob November price for No. 1 RSS in Kuala Lumpur of 300.5 (301) cents a kilo and SMR at 248.5 (249.5).

| No. 1 R.S.S. | Yest'day Close | Previous Close | Business Done |
|---|---|---|---|
| Nov | 60.00-60.80 | 60.80-60.00 | 60.40-60.20 |
| Dec | 61.80-61.70 | 61.80-62.00 | — |
| Jan-Mar | 65.60-65.80 | 64.20-64.40 | 65.80-65.00 |
| Apr-Jne | 67.60-67.80 | 68.10-68.30 | 68.20-67.50 |
| Jly-Sept | 70.50-70.90 | 71.30-71.40 | 71.30-70.40 |
| Oct-Dec | 73.70-73.80 | 74.30-74.40 | 70.90-70.80 |
| Jan-Mar | 76.50-76.70 | 77.20-77.30 | 77.00 |
| Apl-Jne | 79.40-79.70 | 80.10-80.30 | — |
| Jly-Sept | 82.20-82.60 | 82.90-85.00 | — |

Sales: 491 (257) at 15 tonnes, 4 (25) at 5 tonnes.

Physical closing prices (buyer) were: Spot 58.50p (59.50p); Nov 60.50p (61.50p); Dec. 62.25p (63.25p).

## SOYABEAN MEAL

The London market opened around £1.00 lower on light liquidation, reports T. G. Roddick. However prices found strength with higher cash markets and values reached highs of £3.00 up. Prices remained steady throughout the session but profit taking eased the market back to close around £2.00 up.

| | Yest'rday Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| December | 145.00-45.1 | —2.6 | 145.10-39.00 |
| February | 148.50-48.7 | +2.35 | 150.50-46.80 |
| April | 150.00-50.5 | +2.30 | 151.50-48.00 |
| June | 148.00-48.9 | +1.80 | — |
| August | 147.00-47.5 | +0.95 | — |
| October | 136.20-37.5 | +2.10 | 136.50-32.70 |
| December | 134.00-35.0 | +2.9 | — |

Sales: 412 (501) lots of 100 tonnes.

## SUGAR

LONDON DAILY PRICE (raw sugar): £383.00 (£378.00) a tonne cif for Oct.-Nov.-Dec. shipments. White sugar daily price was £382.00 (same).

Renewed trade selling immediately depressed prices some £5 below kerb levels. Further losses were recorded later before quotations recovered somewhat following reports of bad weather in Russia. However the market again turned easier at the close, reports C. Czarnikow.

| No. 4 Con-tract | Yest'rdays Close | Previous Close | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| Jan | 409.50-10.00 | 402.00-04.00 | 411.00-08.00 |
| Mch | 415.65-16.50 | 413.00-15.25 | 424.00-08.25 |
| May | 412.10-15.50 | 419.50-19.60 | 420.00-05.00 |
| Aug | 387.00-87.50 | 384.50-84.50 | 390.00-80.00 |
| Oct | 351.25-51.55 | 349.50-49.50 | 359.00-48.00 |
| Jan | 018.00-10.00 | 317.50-18.00 | 321.00 |
| March | 307.50-08.00 | 300.25-05.45 | 310.00-04.60 |

Sales: 13,622 (8,632) lots of 50 tonnes.

NUMBER 2 CONTRACT—Close (buyer only). Oct. 370.00 buyer. Sales 0 (15).

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.6 (same) a tonne for home trade and £488.50 (£478.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for Oct 23 Daily price 40.05 (41.25); 15-day average 40.89 (40.87).

## COTTON

LIVERPOOL—Spot and shipment sales amounted to 290 tonnes, bringing the total for the week to 1,639 tonnes against 485 in the previous week. Additional pressure for supplies brought out more buyers, despite the high cost of the raw material. Most of the interest shown was in certain Middle Eastern varieties.

## WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per pound. Oct. expired. Dec. 458.0, 460.0, 463.0-457.5, 122; March 488.0, 488.0, 487.5-485.0, 142, May 496.0, 496.5, 496.5-494.0, 113; July 505.0, 506.0, 508.0-505.0, 70; Oct. 506.0, 506.5, 507.0-505.0, 11; Dec. 506.0, 508.0, 510.0-508.0, 12; March 512.0, 512.5, 513.0-512.5, 10. Sales: 480.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Oct. 355 buyer, nil, nil; Dec. 348, 355, nil, nil; Jan. 350, 355, nil, nil; March 354, 360, nil, nil; May 362, 364, nil, nil; August 366, 372, 367, 2; Oct 368, 374, 372, 2; Dec 374, 378, 376, 2; Jan 377, 381, 378, 5; March 37, 382, nil, nil. Sales 11.

# AMERICAN MARKETS

NEW YORK, October 24.

THE LIVESTOCK market traded in a narrow range, being mixed most of the day and finishing slightly higher. Grains and soyabeans rallied on the bullish maize stock report in the U.S. and on overseas buying. Precious metals advanced on shortcovering and evening up before a critical weekend (hostage release). Copper was quiet in a tight range. Cocoa was very quiet in a steady market, coffee rallied on dealer shortcovering. Cotton attracted light commission house interest on a favourable consumption report, reported Heinold.

Copper—Oct. 96.00 (96.25), Nov. 96.15 (96.50), Dec. 97.10-97.20, Jan. 97.95, March 99.40-9.960, May 101.00, July 102.90, Sept 103.95, Dec 106.10, Jan. 106.85, March 108.35, May 108.85, July 111.35. Sales: 6,500.

Potatoes (round whites)—Nov. 96.0 (98.0), March 134.5-135.4 (138.0), April 156.5-157.0. Sales: 1,626.

Sugar—No. 11: Jan. 41.50-41.60 (42.25), March 42.95-43.05 (43.91), May 42.50-42.65, July 41.20-41.25, Sept. 38.60-38.85, Oct. 36.75-36.80, Jan. 33.54, March 32.25-32.40. Sales: 11,932.

Tin—766.0-781.0 (766.0-75.0).

CHICAGO, October 24.

Lard—Chicago loose 23.00 (same). New York prime steam unavailable.

Live Cattle—Dec. 71.00-70.86 (70.72), Jan. 72.00 (71.90), Feb. 73.10-73.00, April 75.10-75.15, June 76.05-75.90, Aug. 75.35, Oct. 74.00, Dec. 75.00.

Live Hogs—Dec 51.90-51.80 (52.10), Feb. 55.75-55.60 (55.81), April 55.15-55.05, June 58.12-58.10, July 59.00, Aug. 57.10, Oct 56.20, Dec. 57.00, Feb —.

‡‡Maize — Dec. 373¾-374 (367½), March 385¾-385½ (379¼), May 390¼-390¾, July 388¼-388, Sept. 376½-374½, Dec. 360.

Pork Bellies — Feb 71.80-72.00 (71.70), March 71.95-72.10 (71.70), May 73.20-73.10, July 74.90, Aug. 73.90.

Silver—Oct. 1875.0 (1870.0), Nov. — (1891.0), Dec. 1895.0-1885.0, Feb. 1930.0-1915.0, April 1990.0, June 2040.0, Aug. 2090.0, Oct. 2140.0, Dec. 2190.0, Feb. 2240.0, April 2290.0, June 2340.0, Aug. 2390.0, Oct. —, Nov. —, April —.

†Soyabeans—Nov 904-907 (891), Jan. 931-933 (917), March 956-958, May 977-975, July 980-982, Aug. 965, Sept 881-879, Nov. 841-842.

‖Soyabean Meal—Dec. 281.5-282.0 (275.4), Jan. 286.0-285.5 (278.7), March 291.8-291.5, May 292.0, July 291.0, Aug. 287.0-289.0, Sept 267.5-267.0, Oct 250.0-249.0, Dec. 248.0-247.5, Jan —.

Soyabean Oil — Dec 26.65-26.50 (26.55), Jan. 27.10-27.00 (26.95), March 27.85-27.75, May 28.30-28.20, July 28.75-28.80, Aug 28.50, Sept 17.70, Oct. 26.90-27.00, Dec 26.85, Jan. —.

†Wheat—Dec. 537¾-538½ (535½), March 559½-559 (557¼), May 565, July 540, Sept 547, Dec. 559.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen.

## INDICES

FINANCIAL TIMES

| Oct. 23 | Oct. 22 | M'nth ago | Year ago |
|---|---|---|---|
| 277.07 | 278.54 | 277.24 | 283.55 |

(Base: July 1, 1952=100).

MOODY'S

| Oct. 23 | Oct. 22 | M'nth ago | Year ago |
|---|---|---|---|
| 1321.4 | 1334.2 | 1316.1 | 1140.4 |

(December 31, 1931=100)

DOW JONES

| Dow Jones | Oct. 23 | Oct. 22 | Month ago | Year ago |
|---|---|---|---|---|
| Spot | 486.47 | 486.17 | 451.09 | 398.50 |
| F'tur's | 505.77 | 503.94 | 479.90 | 403.72 |

(Average 1924-25-26=100)

REUTERS

| Oct. 24 | Oct. 23 | M'nth ago | Year ago |
|---|---|---|---|
| 1748.0 | 1749.9 | 1753.8 | 1057.7 |

(Base September 18, 1931=100)

LONDON POTATO FUTURES—End of week book squaring and routine business created little price movement, reports Wey and Herper. Closing prices: Nov. 43.50 unchanged; Feb 55.20 unchanged (high 55.30, low 55.20); April 65.40 —10 (high 65.60, low 65.30). Turnover: 66 (91) lots of 40 tonnes.

## MEAT VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on October 24. GB cattle 67.57p per kg lw (−0.35). UK sheep 100.39p per kg est d.c.w. (−14.60). GB pigs 72.84p per kg lw (−0.33).

COVENT GARDEN—Prices in sterling per package except where otherwise stated: Imported Produce: Oranges—Outspan: Valencia Lates 48 5.40, 56 5.75, 72 5.85, 88 4.65, 112 4.70, 138 6.55, 150 4.40; Brazilian: 72, 138 3.70-3.80. Lemons—Spanish: Trays 25/45 2.40-2.80; Turkish: 10-kg 4.60-5.00; Cyprus: 10-kg 4.80-5.20, 15-kg 6.50. Grapefruit—Honduras: 36/48 5.30-5.80; Cyprus: 36/42/48/54 5.20-5.50; Cuban: 4.20-4.50; Jaffa: 15-kg 36 5.35, 42 5.25, 48 6.90, 60 4.60, 70 4.30; Dominican: 5.00-5.20. Satsumas—Spain: 210/195/189 3.00-3.30, 168 3.40-3.50, 154 3.50-3.60, 144 3.50-3.80, 126 3.60-3.80, 105 3.80-4.00. Apples—French: Starkcrimson large boxes 4.50, Golden Delicious approx 20-lb 72 1.70-2.30, 84 1.50-1.80; 40-lb 125/163 3.50-4.00, Granny Smith 20-lb 72 2.10, 84 1.50-1.80; Greek: Starking 150 3.50; Dutch: Cox's Orange Pippins per pound 0.09; Belgian: Golden Delicious 65/70 26-lb 2.00. Pears—Italian: Per pound Williams 0.13-0.17, Beurre Hardy 0.12, Passacrassane 0.13-0.14; Dutch: Conference 0.11-0.12. Plums—Italian: Boxes, Stanleys per pound 0.15. Grapes—Italian: Italia 2.00-2.30; Spanish: Almeria 1.60-2.20, Black 2.20-2.40.

# Stock Exchange dealings

| | |
|---|---|
| Thursday, October 23 ........ | 22,234 |
| Wednesday, October 22 ........ | 21,618 |
| Tuesday, October 21 ........ | 20,855 |
| Monday, October 20 ........ | 20,729 |
| Friday, October 17 ........ | 20,051 |
| Thursday, October 16 ........ | 20,311 |

The list below gives the prices at which bargains were done by members of the Stock Exchange and recorded in last Thursday's Stock Exchange Daily Official List. For those securities not marked in Thursday's List, we show the latest markings recorded during the previous four business days, these are distinguished by the date shown in parentheses.

The number of dealings marked on Thursday in each section follows the name of the section. Unless otherwise denoted, shares are £1 fully paid and stock £100 fully paid.

Members are not obliged to mark bargains, except in special cases, and the list cannot, therefore, be regarded as a complete record of prices at which business has been done. Bargains are recorded in the Official List up to 2.15 pm only, but later transactions can be included in the following day's Official List. The figures shown above, on the other hand, are the total number of bargains transacted in all securities up to 3.30 pm. No indication is available as to whether a bargain represents a sale or purchase. Markings are not necessarily in order of execution, and only one bargain in any one security at any one price is recorded.

‡ Bargains at Special Prices. Δ Bargains done with or between non-members. ● Bargains done previous day. § Bargains done with members of a recognised Stock Exchange. ♣ Bargains done for delayed delivery or "no buying-in." $A—$Australian; $B—$Bahamian; $C—$Canadian; $HK—$Hong Kong; $J—$Jamaican; $Ma—$Malayan; $Me—$Mexican; $NZ—$New Zealand; $S—$Singapore; $US—$United States; $WI—$West Indian.

BRITISH FUNDS (592)

CORPORATIONS (26)

PUBLIC BOARDS (10)

COMMONWEALTH GOVTS. (10)

FOREIGN STOCKS

BANKS (138)

BREWERIES (79)

COMMERCIAL (1,712)

ELECTRIC LIGHT & POWER

FINANCIAL TRUSTS (68)

INSURANCE (77)

INVESTMENT TRUSTS (124)

UNIT TRUSTS (8)

MINES

Miscellaneous (62)

Rhodesian (6)

South African (83)

## EUROPEAN OPTIONS EXCHANGE

| Series | | Dec. Vol. | Dec. Last | Mar. Vol. | Mar. Last | June Vol. | June Last | Stock |
|---|---|---|---|---|---|---|---|---|
| GM C | $50 | 10 | 2½ | — | — | — | — | $49⅛ |
| | | Jan. | | April | | July | | |
| ABH C | F.300 | 21 | 10 | 0 | 16.10 | — | — | F.298 |
| ABN C | F.320 | 23 | 4.50 | 18 | 7 | — | — | " |
| AKZO C | F.20 | — | — | 88 | 1.60 | 32 | 1.80 | F.19.60 |
| AKZO C | F.22.50 | — | — | 5 | 0.90 | — | — | " |
| AKZO P | F.20 | 30 | 1.50 | — | — | — | — | " |
| AKZO P | F.22.50 | 8 | 3.30 | 1 | 3.60 | — | — | " |
| AMRO C | F.65 | — | — | 3 | 3 | — | — | F.63 |
| AMRO C | F.70 | — | — | 7 | 1.30 | — | — | " |
| KODA C | $70 | 5 | 2⅞ | — | — | 1 | 5¾ | $68⅝ |
| HEIN C | F.55 | — | — | 15 | 3 | — | — | F.51.50 |
| HEIN C | F.60 | — | — | 5 | 1.30 | — | — | " |
| HEIN P | F.55 | 10 | 4.70 | — | — | — | — | " |
| HOOG C | F.15 | — | — | — | — | 2 | 1.50 | F.18.80 |
| IBM C | $65 | 10 | 4⅛ | — | — | — | — | $66 |
| IBM C | $70 | — | — | 22 | 3¼ | 1 | 4¾ | " |
| KLM C | F.55 | 3 | 8 | — | — | — | — | F.57.50 |
| KLM C | F.60 | 89 | 1.80 | — | — | — | — | " |
| KLM C | F.70 | 88 | 0.30 | 1 | 1.80 | — | — | " |
| KLM P | F.55 | 23 | 3.30 | — | — | — | — | " |
| KLM P | F.60 | 25 | 5.80 | — | — | — | — | " |
| KLM P | F.70 | 6 | 14.80A | — | — | — | — | " |
| NATN C | F.110 | — | — | 3 | 10.60 | — | — | F.116.50 |
| NATN C | F.120 | — | — | 3 | 4.20 | — | — | " |
| NATN P | F.110 | 5 | 0.80 | — | — | — | — | " |
| PETR C | Fr.5000 | — | — | 3 | 650 | — | — | Fr.5260 |
| PETR P | Fr.5000 | — | — | 5 | 150 | — | — | " |
| PHIL C | F.15 | — | — | 50 | 2.20 | 2 | 2.40 | F.16.60 |
| PHIL C | F.17.50 | 76 | 0.40 | 125 | 0.80 | — | — | " |
| PHIL C | F.20 | 15 | 0.10 | — | — | 4 | 0.50 | " |
| PHIL P | F.17.50 | 1 | 1.30 | 2 | 1.60 | 25 | 1.90 | " |
| PHIL P | F.20 | — | — | 10 | 3.90 | — | — | " |
| OLIE C | F.160 | 8 | 45 A | — | — | — | — | F.201.20 |
| OLIE C | F.170 | 17 | 33 A | — | — | — | — | " |
| OLIE C | F.180 | 11 | 23 A | 124 | 26.50 | — | — | " |
| OLIE C | F.190 | 385 | 14.50 B | 53 | 18 | — | — | " |
| OLIE C | F.200 | 408 | 9.10 | 255 | 12.30 | 98 | 14.20 | " |
| OLIE P | F.160 | — | — | 8 | 0.60 | — | — | " |
| OLIE P | F.170 | 56 | 0.50 | — | — | — | — | " |
| OLIE P | F.180 | 207 | 1.50 | 149 | 2.70 | — | — | " |
| OLIE P | F.190 | 747 | 3.10 | 56 | 6 | 2 | 8 | " |
| OLIE P | F.200 | 150 | 7.90 | 25 | 10 A | 4 | 14 | " |
| UNIL C | F.120 | 2 | 6.30 | — | — | — | — | F.124.80 |
| UNIL C | F.130 | 5 | 1.10 | 8 | 3 | — | — | " |
| UNIL C | F.120 | 6 | 1.40 | — | — | — | — | " |
| UNIL P | F.130 | — | — | — | — | 1 | 10 | " |
| EXON C | $70 | 10 | 9 | 1 | 10 | — | — | $78 |
| EXON C | $80 | 2 | 5¼ | — | — | — | — | " |
| XERO C | $70 | — | — | 25 | 3¼ | — | — | $68½ |
| | | Nov. | | Feb. | | May | | |
| BOEI C | $40 | — | — | 5 | 1½ | — | — | $34½ |
| BOEI P | $35 | 5 | 1½ | — | — | — | — | " |
| BASF C | DM.130 | — | — | 20 | 0.40 | — | — | DM125.10 |
| OCCI C | $35 | — | — | 10 | 2 | — | — | $31⅞ |
| SLUM C | $120 | — | — | 6 | 6¼ | — | — | $109⅛ |
| SLY C | $80 | 5 | 32 | — | — | — | — | " |
| TOTAL VOLUME IN CONTRACTS | | | | | 3574 | | | |

C = Call P = Put

## BASE LENDING RATES

| | |
|---|---|
| A.B.N. Bank | 16 % |
| Allied Irish Bank | 16 % |
| American Express Bk. | 16 % |
| Amro Bank | 16 % |
| Henry Ansbacher | 16 % |
| A P Bank Ltd. | 16 % |
| ■ Arbuthnot Latham | 16 % |
| Associates Cap. Corp. | 16 % |
| Banco de Bilbao | 16 % |
| BCCI | 16 % |
| Bank of Cyprus | 16 % |
| Bank of N.S.W. | 16 % |
| Banque Belge Ltd. | 16 % |
| Banque du Rhone et de la Tamise S.A. | 16½% |
| Barclays Bank | 16 % |
| Bremar Holdings Ltd. | 17 % |
| Brit. Bank of Mid. East | 16 % |
| ■ Brown Shipley | 16 % |
| Canada Perm't Trust | 17 % |
| Cayzer Ltd. | 16 % |
| Cedar Holdings | 16 % |
| ■ Charterhouse Japhet | 16 % |
| Choulartons | 16 % |
| C. E. Coates | 16 % |
| Consolidated Credits | 16 % |
| Co-operative Bank | *16 % |
| Corinthian Secs. | 16 % |
| The Cyprus Popular Bk. | 16 % |
| Duncan Lawrie | 16 % |
| Eagil Trust | 16 % |
| E. T. Trust Limited | 16 % |
| First Nat. Fin. Corp. | 18 % |
| First Nat. Secs. Ltd. | 18 % |
| Robert Fraser | 16 % |
| Antony Gibbs | 16 % |
| Greyhound Guaranty | 16 % |
| Grindlays Bank | ‡16 % |
| ■ Guinness Mahon | 16 % |
| ■ Hambros Bank | 16 % |
| ■ Hill Samuel | §16 % |
| C. Hoare & Co. | †16 % |
| Hongkong & Shanghai | 16 % |
| Industrial Bk. of Scot. | 16½% |
| Keyser Ullmann | 16 % |
| Knowsley & Co. Ltd. | 18 % |
| Langris Trust Ltd. | 16 % |
| Lloyds Bank | 16 % |
| Edward Manson & Co. | 17 % |
| Midland Bank | 16 % |
| ■ Samuel Montagu | 16 % |
| ■ Morgan Grenfell | 16 % |
| National Westminster | 16 % |
| Norwich General Trust | 16 % |
| P. S. Refson & Co. | 16 % |
| Rossminster | 18 % |
| Ryl. Bk. Canada (Ldn.) | 16 % |
| Schlesinger Limited | 16 % |
| E. S. Schwab | 16 % |
| Security Trust Co. Ltd. | 17 % |
| Standard Chartered | 16 % |
| Trade Dev. Bank | 16 % |
| Trustee Savings Bank | 16 % |
| Twentieth Century Bk. | 16 % |
| United Bank of Kuwait | 16 % |
| Whiteaway Laidlaw | 16½% |
| Williams & Glyn's | 16 % |
| Wintrust Secs. Ltd. | 16 % |
| Yorkshire Bank | 16 % |

■ Members of the Accepting Houses Committee.
* 7-day deposits 14%, 1-month deposits 14¼%.
† 7-day deposits on sums of £10,000 and under 14%, up to £50,000 14½% and over £50,000 14¾%.
‡ Call deposits over £1,000 14%.
§ Demand deposits 14¼%.

## ACTIVE STOCKS

### YESTERDAY—

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1980 high | 1980 low |
|---|---|---|---|---|---|---|
| Premier Cons. | 5p | 12 | 111 | + 1 | 111 | 36 |
| Shell Transport | 25p | 9 | 460 | − 4 | 464 | 314 |
| BP | 25p | 8 | 462 | − 4 | 468 | 320 |
| Clyde Petroleum | £1 | 8 | 880 | − 5 | 805 | 230 |
| LASMO | 25p | 8 | 845 | + 5 | 845 | 337 |
| Barclays Bank | £1 | 6 | 454 | + 1 | 456 | 327 |
| Cons. Gold Fields | 25p | 6 | 632 | + 7 | 690 | 385 |
| Coral Leisure | 10p | 6 | 90 | − 1 | 96 | 54 |
| ICI | £1 | 6 | 336 | + 6 | 402 | 318 |
| Bass | 25p | 5 | 217 | + 7 | 243 | 188 |
| Boots | 25p | 5 | 247 | + 5 | 256 | 158 |
| Brit. Homes Stores | 25p | 5 | 162 | + 1 | 170 | 113 |
| GEC | 25p | 5 | 570 | + 3 | 570 | 326 |
| Grattan W'houses. | 25p | 5 | 78 | + 2 | 110 | 50 |
| NatWest Bank | £1 | 5 | 410 | — | 416 | 305 |

### ON THE WEEK—

| Stock | Denomination | No. of marks | Closing price (p) | Change on week | 1980 high | 1980 low |
|---|---|---|---|---|---|---|
| Premier Cons. | 5p | 71 | 111 | +13 | 111 | 36 |
| LASMO | 25p | 52 | 845 | +50 | 845 | 337 |
| BP | 25p | 51 | 462 | +24 | 468 | 320 |
| GEC | 25p | 48 | 570 | +35 | 570 | 326 |
| Clyde Petroleum | £1 | 47 | 800 | +50 | 805 | 230 |
| ICI | £1 | 45 | 336 | +10 | 402 | 318 |
| Ultramar | 25p | 40 | 460 | +20 | 465 | 206 |
| Western Mining | A$0.50 | 39 | 305 | +30 | 313 | 177 |
| Racal Electronics | 25p | 38 | 342 | +18 | 343 | 175 |
| Shell Transport | 25p | 38 | 460 | +16 | 464 | 314 |
| Burmah Oil | £1 | 37 | 201 | +15 | 249 | 162 |
| Cons. Gold Fields | 25p | 37 | 632 | −11 | 690 | 385 |
| Bryant Hldgs. | 25p | 34 | 91 | +10 | 92 | 51 |
| KCA Intl. | 25p | 34 | 175 | + 9 | 178 | 47 |
| GKN | £1 | 33 | 177 | − 5 | 279 | 170 |

RULE 163 (1) (e)

Bargains marked in securities which are quoted or listed on an Overseas Stock Exchange

RULE 163 (2) (a)

Applications granted for specific bargains in securities not listed on any Stock Exchange

RULE 163 (3)

Bargains marked for approved companies engaged solely in mineral exploration

Sun Oil (UK) Oil Royalty 520 5 30 40 3 5 50

OCTOBER 22

Aran Energy 300 3 5 7 10
Berkeley Exploration and Production (50p paid) 227 8 30 1 2 3 5
Candecca Resources 277 8 9 80 1 2 3 4 5
CCP North Sea Assoc. 316 20 2 3 5
Club Oil 350 5 7 60
Marinex Petroleum 172 3 5 0 7 6 9 56 2 4

Candecca Resources 268 7 8 1 2 3 4 5
CCP North Sea Assoc. 303 4 5 7 5 16
Cloff Oil 350 5 60
Gas and Oil Acreage 476
Marinex Petroleum 170 3 4 5
Bics. Petroleum 486
Pict Petroleum New (Fully Paid) 395
South-West Cons. Minerals 39 42
Sovereign Oil and Gas 443 5 7 8 56
Sun Oil (UK) Oil Royalty 510 15 17 20 5 30

*(By permission of the Stock Exchange Council)*

## LOCAL AUTHORITY BOND TABLE

| Authority (telephone number in parentheses) | Annual Interest gross interest | pay-able | Minimum sum | Life of bond |
|---|---|---|---|---|
| | % | | £ | Year |
| Knowsley 051 548 6555 | 13¼ | ½-year | 1,000 | 4-5 |

## BUILDING SOCIETY RATES

| | Deposit rate % | Share accounts % | Sub'pn shares % | *Term shares % |
|---|---|---|---|---|
| Abbey National | 10.25 | 10.50 | 11.75 | 12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs. |
| Aid to Thrift | 10.85 | 11.37 | — | — |
| Alliance | 10.25 | 10.50 | 11.75 | 12.50 5 yrs., 11.75 3 mths. |
| Anglia | 10.25 | 10.50 | 11.75 | 13.00 6 yrs., 12.50 5 yrs. |
| Bradford and Bingley | 10.25 | 10.50 | 11.75 | 11.25 one month's notice deposit |
| Bridgwater | 10.25 | 10.50 | 12.00 | 12.50 5 yrs., 12.00 4 yrs., 11.60 2½ yrs. |
| Bristol and West | 10.25 | 10.50 | 11.75 | — |
| Bristol Economic | 10.25 | 10.50 | 11.75 | 10.75 3 months |
| Britannia | 10.25 | 10.50 | 11.75 | 12.50 5 yrs., 11.75 2 months' notice |
| Burnley | 10.25 | 10.50 | 11.75 | 12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs. |
| Cardiff | 10.50 | 11.25 | 12.25 | — |
| Catholic | 10.50 | 10.75 | 11.65 | — Share a/cs 10.95 over £5,000 |
| Chelsea | 10.25 | 10.50 | 11.75 | 12.50 5 yrs., 12.00 4 yrs., 11.55 6 mths. |
| Cheltenham and Gloucester | 10.25 | 10.50 | 11.75 | 12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs. |
| Cheltenham and Gloucester | — | 11.50 | — | — Premium shares including 1.00 bonus p.a. (£15,000 or £20,000) |
| Citizens Regency | 10.25 | 10.85 | 12.05 | 12.85 5 yrs., 12.35 4 yrs., 11.85 3 yrs. |
| City of London (The) | 10.50 | 10.80 | 11.80 | 12.00 Capital City shares—4 mth. not. |
| Coventry Economic | 10.25 | 10.50 | 11.75 | 12.00 4 yr., 11.5 3 yr., 11.25 3 mth. not. |
| Coventry Provident | 10.25 | 10.50 | 12.50 | 12.55 av. 5 yrs., 12.00 4 yrs., 11.25 3 m.n. |
| Derbyshire | 10.25 | 10.50 | 11.75 | 11.30 3 months' notice |
| Ealing and Acton | 10.25 | 11.00 | — | 11.65 2 years, £2,000 minimum |
| Gateway | 10.25 | 10.50 | 11.75 | 12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs. |
| Greenwich | — | 10.75 | 12.00 | 12.75 5 yrs., 12.25 4 yrs., 11.75 3 yrs. |
| Guardian | 10.25 | 10.75 | — | 12.25 6 mth., 11.75 3 mth., min. £1,000 |
| Halifax | 10.25 | 10.50 | 11.75 | 12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs. |
| Heart of England | 10.25 | 10.50 | 11.75 | 12.50 5 yrs., 11.00 3 months' notice |
| Hearts of Oak and Enfield | 10.25 | 10.75 | 12.25 | 12.00 4 yrs., 11.75 3 yrs., 11.50 2 yrs. |
| Hendon | 10.50 | 11.00 | — | 12.00 6 months, minimum £2,000 |
| Huddersfield and Bradford | 10.25 | 10.50 | 11.75 | 12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs. |
| Lambeth | 10.25 | 10.75 | 12.50 | 12.50 5 yrs., 12.00 6 months' notice |
| Leamington Spa | 10.35 | 10.60 | 14.19 | 12.55 5 yrs., 12.30 4 yrs., 11.90 3 yrs. |
| Leeds Permanent | 10.25 | 10.50 | 11.75 | 12.50 5 yrs., opt. from 10.75 6 mths. |
| Leicester | 10.25 | 10.50 | 11.75 | 12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs. |
| Liverpool | 10.25 | 10.50 | 11.95 | 12.50 5 years, minimum £1,000 |
| Melton Mowbray | 10.35 | 10.60 | 11.75 | 13.10 6 yrs., 12.10 4 yrs., 11.35 2 yrs. |
| Mornington | 10.75 | 11.75 | — | — |
| National Counties | 10.50 | 10.80 | 11.80 | 11.90 6 mth., 11.35 3 mth., min. £1,000 |
| Nationwide | 10.25 | 10.50 | 11.75 | 12.50 5 yrs., 12.00 4 yrs., 11.00 1 yr. |
| New Cross | 11.00 | 11.25 | — | 11.25 12.50 on share accs., depending on min. balance over 6 mths. |
| Northern Rock | 10.25 | 10.50 | 11.75 | 12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs. |
| Norwich | 10.25 | 10.50 | 12.00 | 11.50 3 yrs., 11.25 2 yrs., min. £500 |
| Paddington | 10.00 | 11.00 | 12.50 | 11.75 6 mth., 12.00 wdl. 1 mth. loss int. |
| Peckham Mutual | 10.50 | 11.00 | — | — |
| Portman | 10.25 | 10.50 | 11.75 | 12.50 5 yrs., 11.55 6 months' notice |
| Property Owners | 10.25 | 11.00 | 12.25 | 12.50 av. 4 yrs., 12 6 mth., 11.55 3 mth. |
| Provincial | 10.25 | 10.50 | 11.75 | 12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs. |
| Skipton | 10.25 | 10.50 | 11.75 | 12.50 5 yrs., 11.6 wdl. 1 mth. loss int. |
| Sussex County | 10.50 | 10.75 | 12.55 | 12.55 5 yrs., 12.15 4 yrs., 11.75 3 yrs. |
| Sussex Mutual | 10.50 | 10.85 | 12.50 | 11.25 12.50 all with special options |
| Town and Country | 10.25 | 10.50 | 11.75 | 12.50 5 yrs., 12.00 4 yrs., 11.50 3 yrs. |
| Walthamstow | 10.25 | 10.60 | 11.75 | 12.60 5 yrs., 11.6 6 mth. not. min. £500 |
| Wessex | 10.50 | 11.20 | — | 12.20 min. 3 yrs., 6 mths. notice of wdl. |
| Woolwich | 10.25 | 10.50 | 11.75 | 10.75 (6 mths.), rising to 12.50 (5 yrs.) |

* Rates normally variable in line with changes in ordinary share rates.
All these rates are after basic rate tax liability has been settled on behalf of the investor.

## UK MONEY MARKET

**Bank of England Minimum Lending Rate 16 per cent (from July 3, 1980)**

The Treasury bill rate rose by 0.0814 per cent at yesterday's tender to 14.3334 per cent, and the minimum accepted bid was £96.41½, down from £96.43 the previous week. Bids at that level were met as to about 43 per cent and above in full. The £200m bills on offer attracted bids of £553.97m, and all bills offered were allotted. Next week a further £200m will be on offer, replacing maturities of £300m.

Day-to-day credit remained in short supply due mainly to the call on Exchequer 12 per cent 1998 "A," which absorbed an extremely large amount. There was also the repayment of Thursday's small lending and a small increase in the note circulation. On the other hand Government disbursements exceeded revenue transfers to the Exchequer by a large amount.

The Bank of England gave an extremely large amount of help, comprising small purchases of Treasury bills both from discount houses and banks, and a small number of local authority bills direct from the houses. The authorities also bought a large amount of eligible bank bills.

In the interbank market weekend loans opened at 18½-18¾ per cent and rose to 19½-20 per cent, before easing back to 19-19½ per cent, at which level a lot of business was seen. Rates peaked during the afternoon at 22-23 per cent, with closing balances taken around 19 per cent.

## EXCHANGES AND BULLION

Sterling finished below its best level in currency markets yesterday, but still showed an improvement from Thursday. Its trade weighted index finished at 78.9, its highest closing level for six years, and compared with 78.6 on Thursday. It did touch 79.3 in the morning however, but was already slightly easier at noon at 79.2. The pound was marked down in late trading, with very little business actually taking place. There was no basic change in sentiment, but the proximity of the weekend tended to restrict sterling's recent bullish trend. After reaching a high early in the day of DM 4.61 against the D-mark, it finished at DM 4.5550, compared with DM 4.5475 on Thursday, and rose to SwFr 4.0850 from SwFr 4.0575 against the Swiss franc. Against the dollar it opened at \$2.4600 and rose to a high of \$2.4650 quite early on. By noon however it had slipped to \$2.4550 and eased further to \$2.4450 around 3 pm.

Just before 5 pm sterling fell to \$2.4375, and closed on a wide spread of \$2.4390-2.4410, a loss of just 25 points from the previous close. In New York it was quoted at \$2.4430.

The dollar continued to improve in generally quiet and featureless trading. It rose to DM 1.8660 against the D-mark from DM 1.8610, and SwFr 1.6610 in terms of the Swiss franc. It was also higher against the Japanese yen, closing at Y212.50 from Y210.25. On Bank of England figures, the dollar's trade weighted index rose from 84.5 to 84.7.

Gold fell \$4 an ounce in the London bullion market to \$631-\$634, showing a fall on the week of \$34.

## THE POUND SPOT AND FORWARD

| Oct. 24 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| U.S. | 2.4375-2.4650 | 2.4390-2.4410 | 0.63-0.53c pm | 2.85 | 1.45-1.35 pm | 2.29 |
| Canada | 2.8420-2.8760 | 2.8430-2.8450 | 1.25-1.15c pm | 6.06 | 3.00-2.90 pm | 4.15 |
| Nethlnd. | 4.92-4.99 | 4.92¼-4.93¼ | 3¼-2¼c pm | 7.91 | 9-8 pm | 6.90 |
| Belgium | 72.85-73.65 | 72.90-73.00 | 40-30c pm | 5.76 | 85-75 pm | 4.39 |
| Denmark | 14.01-14.13 | 14.01-14.02 | 4½-3ore pm | 3.21 | 4-2¾ pm | 0.91 |
| Ireland | 1.2030-1.2290 | 1.2040-1.2050 | 0.35-0.30p pm | 3.24 | 0.52-0.47 pm | 1.64 |
| W. Ger. | 4.54½-4.61 | 4.55-4.56 | 3⅜-2⅜pf pm | 8.23 | 8⅜-7⅜ pm | 7.13 |
| Portugal | 123.75-125.25 | 123.90-124.10 | 5c pm-30 dis | −1.21 | par-90 dis | −1.45 |
| Spain | 182.50-183.90 | 182.55-182.65 | 150-205c dis | −11.88 | 380-485 dis | −9.47 |
| Italy | 2156-2176 | 2157-2158 | 3¾-5¾ lire dis | −2.36 | 23¾-26¾ dis | −4.88 |
| Norway | 11.99-12.13 | 11.99½-12.00½ | 6⅞-4½ore pm | 5.69 | 14⅞-12⅞ pm | 4.44 |
| France | 10.47-10.60 | 10.47-10.48 | 6¾-4¾c pm | 6.01 | 12½-11½ pm | 4.58 |
| Sweden | 10.25-10.37 | 10.26-10.27 | 1ore pm-par | 0.58 | par-1 dis | −0.19 |
| Japan | 515-525 | 518-519 | 3.25-2.80y pm | 7.00 | 8.95-8.45 pm | 6.71 |
| Austria | 32.15-32.55 | 32.17-32.22 | 16-14gro pm | 5.59 | 36-32 pm | 4.22 |
| Switz. | 4.08-4.12 | 4.08¼-4.09¼ | 4⅜-3⅜c pm | 12.11 | 11⅞-10⅞ pm | 10.40 |

Belgian rate is for convertible francs. Financial franc 73.15-73.25.
Six-month forward dollar 1.82-1.72c pm, 12-month 2.25-2.15c pm.

## GOLD

| | Oct. 24 | | Oct. 23 | |
|---|---|---|---|---|
| **Gold Bullion (fine ounce)** | | | | |
| Close | \$631-634 | (£258-259¼) | \$635-638 | (£259½-261) |
| Opening | \$624-627 | (£253½-255) | \$648-651 | (£265¼-267½) |
| Morning fixing | \$628 | (£255.644) | \$649.25 | (£266.446) |
| Afternoon fixing | \$635 | (£258.476) | \$654.50 | (£259.244) |
| **Gold Coins** | | | | |
| Krugerrand | \$652-654 | (£266½-267½) | \$656-658 | (£268-268½) |
| ½ Krugerrand | \$530-556 | (£155¼-137¼) | \$556-540 | (£156-140) |
| ¼ Krugerrand | \$167-172 | (£68-70½) | \$150-174 | (£68-72) |
| 1/10 Krugerrand | \$68-71 | (£28-29) | \$69-72 | (£28-30) |
| Mapleleaf | \$646-650 | (£264-265¾) | \$650-654 | (£265½-265½) |
| New Sovereigns | \$158-161 | (£66-66) | \$162-165 | (£66½-67¼) |
| King Sovs. | \$181-185 | (£74-75) | \$184-186 | (£75-77) |
| Victoria Sovs. | \$121-185 | (£74-76) | \$184-186 | (£75-77) |
| French 20s | \$165-168 | | \$169-172 | |
| 50 pesos Mexico | \$785-729 | | \$794-788 | |
| 100 Cor. Austria | \$620-624 | | \$621-625 | |
| \$20 Eagles | \$761-755 | | \$756-760 | |

## EXCHANGE CROSS RATES

| Oct. 24 | Pound Sterling | U.S. Dollar | Deutschem'k | Japan'se Yen | French Franc | Swiss Franc | Dutch Guild' | Italian Lira | Canada Dollar | Belgian Franc |
|---|---|---|---|---|---|---|---|---|---|---|
| Pound Sterling | 1. | 2.440 | 4.555 | 512.5 | 10.48 | 4.088 | 4.930 | 2158. | 2.844 | 73.95 |
| U.S. Dollar | 0.410 | 1. | 1.867 | 212.2 | 4.225 | 1.076 | 2.020 | 884.2 | 1.166 | 29.90 |
| Deutschemark | 0.220 | 0.536 | 1. | 115.2 | 2.300 | 0.897 | 1.082 | 473.7 | 0.624 | 16.02 |
| Japanese Yen 1,000 | 1.929 | 4.702 | 8.786 | 1000. | 20.20 | 7.885 | 9.508 | 4101. | 5.485 | 140.7 |
| French Franc 10 | 0.955 | 2.329 | 4.348 | 495.0 | 10. | 3.202 | 4.706 | 2060. | 2.715 | 69.64 |
| Swiss Franc | 0.245 | 0.597 | 1.114 | 126.9 | 2.563 | 1. | 1.206 | 527.8 | 0.698 | 17.26 |
| Dutch Guilder | 0.203 | 0.495 | 0.924 | 105.2 | 2.125 | 0.822 | 1. | 457.6 | 0.577 | 14.60 |
| Italian Lira, 1,000 | 0.463 | 1.151 | 2.111 | 240.3 | 4.855 | 1.895 | 2.285 | 1000. | 1.312 | 33.21 |
| Canadian Dollar | 0.302 | 0.858 | 1.602 | 182.5 | 3.685 | 1.437 | 1.735 | 758.6 | 1. | 25.65 |
| Belgian Franc 100 | 1.371 | 3.345 | 6.244 | 71.80 | 14.36 | 5.603 | 2.758 | 2958. | 3.899 | 100. |

## FT LONDON INTERBANK FIXING (11.00 a.m. OCTOBER 24)

| 3 months U.S. dollars | | 6 months U.S. dollars | |
|---|---|---|---|
| bid 15 15/16 | offer 14 1/16 | bid 13 7/8 | offer 14 |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for \$10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

## LONDON MONEY RATES

| Oct. 24. 1980 | Sterling Certificate of deposit | Interbank | Local Authority deposits | Local Auth. negotiable bonds | Finance House Deposits | Company Deposits | Discount market deposits | Treasury Bills ♦ | Eligible Bank Bills ♦ | Fine Trade Bills ♦ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 18-35 | 17-12 | — | — | — | 15¾-16 | — | — | — |
| 2 days notice | — | — | 18¼-18⅜ | — | — | — | — | — | — | — |
| 7 days or | — | — | — | — | — | — | — | — | — | — |
| 7 days notice | — | 18½-18¾ | 18¼ | — | 18½ | — | 15⅞-16 | — | — | — |
| One month | 17-16¾ | 17⅛-17¼ | 17¼-17½ | 17⅜-17¾ | 17 7/16 | 17½-17¾ | 16½-16⅝ | 14⅝-14 17/32 | 16¼-16⅜ | 17 |
| Two months | 12⅝-16⅜ | 16½-16⅝ | — | 12¾-17¼ | 16 11/16 | 17⅛ | 14⅞ | 14⅜-14 11/32 | 16 7/32 | 16⅜ |
| Three months | 16 1/16-16 1/16 | 16¼-16⅜ | 16¼ | 16-16½ | 16 9/16 | 16½-17 | 14⅛ | 14 1/32-14 1/32 | 15⅜ | 16¼ |
| Six months | 15⅛-14 15/16 | 15¼ 15⅜ | 15¼ | 14⅞-15⅜ | 15¾ | 16 | — | — | 14 1/16 | 14⅞ |
| Nine months | 14½-14⅝ | 14⅜-14¾ | — | 14⅝-15 | 14½ | 15¼ | — | — | — | — |
| One Year | 14 1/16-13 15/16 | 14 1/16-14 7/16 | 14⅛ | 14⅛-14¼ | 14¼ | 15 | — | — | — | — |
| Two years | — | — | 13⅝-13⅞ | — | — | — | — | — | — | — |

Local authority and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 13½-13¾ per cent; four years 13½-13¾ per cent; five years 13½ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 15 5/16 per cent; four-months trade bills 15½ per cent.

Approximate selling rate for one-month Treasury bills 14¾-14 5/32 per cent; two-months 14¾-14 5/32 per cent; three-months 14 7/32-14 13/32 per cent. Approximate selling rates for one-month bank bills 16 per cent; two-months 15 13/16 per cent; three-months 15½ per cent; one-month trade bills 16¾ per cent; two-months 16⅝ per cent and three-months 16 per cent.

Finance Houses' Base Rates (published by the Finance Houses Association) 16½ per cent from October 1, 1980. Clearing Bank Deposit Rates for sums at seven days' notice 14 per cent. Clearing Bank Rates for lending 16 per cent. Treasury Bills: Average tender rates of discount 13.3334 per cent.

## CURRENCY MOVEMENTS

| Oct. 24 | Bank of England Index | Morgan Guaranty Changes % |
|---|---|---|
| Sterling | 78.9 | −26.8 |
| U.S. dollar | 84.7 | −9.1 |
| Canadian dollar | 80.7 | −17.5 |
| Austrian schilling | 151.6 | +22.9 |
| Belgian franc | 115.6 | +12.0 |
| Danish kroner | 104.1 | −0.4 |
| Deutsche mark | 150.1 | +41.1 |
| Swiss franc | 190.0 | +81.0 |
| Guilder | 124.7 | +12.1 |
| French franc | 99.6 | −6.6 |
| Lira | 51.6 | −52.2 |
| Yen | 135.4 | +52.9 |

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

## EURO-CURRENCY INTEREST RATES (Market Closing Rates)

| Oct. 24 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | Swiss Franc | West German Mark | French Franc | Italian Lira | Asian $ | Japanese Yen |
|---|---|---|---|---|---|---|---|---|---|---|
| †Short term | 18¼-18½ | 18⅛-13⅜ | 11-18 | 8-9⅛ | ¼-½ | 8 11/16-8 13/16 | 11-11¼ | 14-17 | 4½-5 | 8¼-9¾ |
| 7 days' notice | 18¼-18½ | 15⅛-15⅜ | 11-12 | 9⅛-9 5/16 | 6-6½ | 8 11/16-8 13/16 | 11-11¼ | 17¼-19¼ | 15 1/16-15 3/16 | 10-10½ |
| Month | 17¼-17⅜ | 14 1/16-14 3/16 | 10⅝-11 | 8½-8¾ | 4¼-4⅜ | 8¾-8⅞ | 11 1/16-11 3/16 | 19-20 | 14¼-14⅜ | 8¾-10 |
| Three months | 16⅝-16½ | 13⅞-14⅛ | 11¼-11⅜ | 9¼-9⅞ | 6⅝-5½ | 8 11/16-8 13/16 | 11⅝-11⅞ | 20¼-21¼ | 15¾-15⅞ | 9⅝-9⅞ |
| Six months | 16 1/16-15 15/16 | 15⅛-14⅛ | 12⅜-12¾ | 9 5/16-8½ | 5½-5⅝ | 8¾-8⅞ | 12¼-12½ | 21½-22½ | 13¾-13⅞ | 8⅜-9⅝ |
| One Year | 14 7/16-14½ | 15⅛-13⅜ | 12⅝-13 | 9⅜-9 5/16 | 5 7/16-5⅝ | 8½-8⅝ | 12 11/16-12 13/16 | 22¼-25¼ | 15 1/16-15 3/16 | 9⅛-9⅝ |

Long-term Eurodollar two years 12¾-13 per cent; three years 12¾-13 per cent; four years 12¾-13 per cent; five years 12¾-13 per cent nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice. Asian rates are closing rates in Singapore.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 13.35-13.45 per cent; three-months 13.60-13.70 per cent; six months 13.55-13.65 per cent; one year 12.85-13.15 per cent.

## EMS EUROPEAN CURRENCY UNIT RATES

| | ECU central rates | Currency amounts against ECU October 24 | % change from central rate | % change adjusted for divergence | Divergence limit % |
|---|---|---|---|---|---|
| Belgian Franc | 39.7897 | 41.0534 | +3.12 | +0.90 | ±1.53 |
| Danish Krone | 7.72336 | 7.87681 | +1.99 | −0.29 | ±1.64 |
| German D-Mark | 2.48208 | 2.56459 | +3.32 | +1.04 | ±1.125 |
| French Franc | 5.84700 | 5.90795 | +1.04 | −1.24 | ±1.3557 |
| Dutch Guilder | 2.74362 | 2.77505 | +1.15 | −1.13 | ±1.512 |
| Irish Punt | 0.668201 | 0.668201 | 0.683148 | +2.24 | ±1.668 |
| Italian Lira | 1157.79 | 1213.74 | +4.83 | +2.69 | ±4.08 |

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

## OTHER CURRENCIES

| Oct. 24 | £ | $ | | £ Note Rates |
|---|---|---|---|---|
| Argentina Peso | 4752-4772 | 1945-1950 | Austria | 52.25-52.05 |
| Australia Dollar | 2.0876-2.0916 | 0.8520-0.8525 | Belgium | 75.50-74.10 |
| Brazil Cruzeiro | 145.10-146.10 | 59.595-59.785 | Denmark | 14.06-14.25 |
| Finland Markka | 9.08-9.09 | 5.7095-5.7105 | France | 10.55-10.65 |
| Greek Drachma | 105.002-107.528 | 45.50-45.45 | Germany | 4.57-4.65 |
| Hong Kong Dollar | 12.57-12.59 | 6.0575-5.0595 | Italy | 2165-2200 |
| Iran Rial | n.a. | n.a. | Japan | 520-525 |
| Kuwait Dinar(KD) | 0.666-0.661 | 0.2682-0.2685 | Netherlands | 4.95-5.00 |
| Luxembourg Frc. | 72.90-75.00 | 29.88-29.90 | Norway | 12.08-12.28 |
| Malaysia Dollar | 5.2525-5.2450 | 2.1590-2.1410 | Portugal | 118½-156 |
| New Zealand Dlr. | 2.5000-2.5050 | 1.0200-1.0210 | Spain | 178¼-188½ |
| Saudi Arab. Riyal | 8.13-8.19 | 5.5210-5.5240 | Sweden | 10.31-10.46 |
| Singapore Dollar | 5.0825-6.0950 | 2.0780-2.0800 | Switzerland | 4.075-4.125 |
| Sth. African Rand | 1.8250-1.8275 | 0.7480-0.7490 | United States | 2.44½-2.46 |
| U.A.E. Dirham | 9.03-9.09 | 3.6885-3.0905 | Yugoslavia | 76-79 |

Rate given for Argentina is free rate.

## U.K. CONVERTIBLE STOCKS 25/10/80

Statistics provided by *dataSTREAM International*

| Name and description | Size (£m) | Current price | Terms* | Conversion dates | Flat yield | Red. yield | Premium† Current | Premium† Range‡ | Income Equ.§ | Income Conv.‖ | Income Div.¶ | Cheap(+) Dear(−)◊ Current |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| British Land 12pc Cv. 2002 | 7.71 | 308.00 | 333.3 | 80-97 | 3.9 | 1.2 | − 3.7 | − 6 to 4 | 17.3 | 86.9 | 21.7 | +25.5 |
| Hanson Trust 6½pc Cv. 88-93 | 3.02 | 98.00 | 57.1 | 76-81 | 6.7 | 6.8 | − 7.3 | − 9 to 1 | 3.2 | 0.0 | − 3.0 | + 4.3 |
| Slough Estates 10pc Cv. 87-90 | 5.44 | 272.00 | 187.5 | 78-85 | 3.7 | | 2.2 | − 6 to 2 | 28.4 | 35.5 | 2.7 | + 0.5 |
| Slough Estates 8pc Cv. 91-94 | 24.88 | 125.00 | 78.0 | 80-91 | 6.5 | 5.2 | 12.9 | 11 to 17 | 26.0 | 49.5 | 21.2 | + 8.4 |

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ‖ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ¶ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◊ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness.

# Interest rate hopes continue to stimulate markets

## All-share index at record high—Long Gilts up too

**Account Dealing Dates**

**Options**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Oct. 13 | Oct. 23 | Oct. 24 | Nov. 3 |
| Oct. 27 | Nov. 6 | Nov. 7 | Nov. 17 |
| Nov. 10 | Nov. 20 | Nov. 21 | Dec. 1 |

* "New time" dealings may take place from 9 am two business days earlier.

The continuing upwards pressures on sterling, which ICI claimed on Thursday was the main contributory factor in its shock third-quarter trading loss, lent strength to the investment fraternity view that the Government may soon be compelled to reduce interest rates. For this reason, London stock markets again presented a very firm undertone on the final day of the fortnightly trading Account.

Treasury expectations that the recession in industry will be deeper and longer than earlier predicted discouraged buyers initially and prompted some end-Account profit-taking. Most affected were shares in the van of the recent upturn, but the offerings were absorbed and many equity sectors marked time until the 3.30 pm close: after that time, business is allowed without penalty for the Account beginning on Monday.

Buyers in yesterday's late trade showed renewed optimism about Minimum Lending Rate being cut in the next week or two and leading shares advanced to the extent that the FT Industrial Ordinary share index finished 3.0 up at 495.5. This represents a gain on the week of 14.4 and a rise on the Account of 29.2. The broader-based FT-Actuaries All-share index closed at a best-ever 305.01 for an advance of 2.6 per cent over the past five trading sessions.

The dominant pound attracted revived foreign demand for medium and longer-dated Gilt-edged securities. Domestic investors also became more active and the combination left gains extending to ½. Short-dated stocks, however, were subdued throughout by the continuing tightness of money and by thoughts of possible new Government funding in the area. The announcement of a special tap stock in the shape of a further tranche of Treasury 3 per cent 1985, designated "A," at a minimum tender price of 72½, brought the customary trading recess after which medium and longs improved a shade more; the shorts remained at 3.30 pm levels.

Deals arranged in Traded options amounted to 1,609, much in line with the previous day's 1,681. The week's daily average amounted to 1,937. Among the more active issues, Lonrho attracted 222 trades and Marks and Spencer 162.

Banks were featured by Standard and Chartered which rose 25 to 653p after Press comment on the group's far-eastern activities. Minster Assets, a rising market ahead of the interim results, shed 3 to 68½p on the announcement. Hire Purchases made fresh progress on hopes of cheaper money in the near future, London Scottish Finance adding 4 to 44p and Wagon Finance 3 to 43p. Moorgate Mercantile and Sturla improved 1½ to 21½p and 15p respectively.

Insurances made limited progress. Still responding to the Liberty Life Association's recently acquired 10.2 per cent stake in the company, Sun Life rose 5 afresh to a 1980 peak of 248p, making a gain on the week of 21.

The drinks sector traded quietly with most of the attention directed towards the Bass/Coral bid situation, but useful new-time buying lifted Amalgamated Distilled Products 4 to 53p.

Sentiment in Buildings was not helped by the announcement of a freeze on council house building and Press comment highlighting Blue Circle's declining cement output. Blue Circle closed 2 off at 332p, after 330p, while BPB eased 3 to 238p. In Timbers, Montague L. Meyer slipped *to 91p before new-time* interest left the close unchanged on balance at 93p. Mallinson-Denny ended a fraction dearer at 68½p: the interim results are due next Wednesday.

ICI firmed 6 for a two-day gain of 14 to 336p on consideration of the third-quarter statement. Among other Chemicals, Arrow attracted speculative support and put on 4 to 37p.

### Burton good late

Stores ended the Account on a firm note. Burton, dull recently ahead of next month's annual results, attracted good late support and rallied 7 to 101p. Mothercare added 2 for a gain on the week of 26 at 252p, while Raybeck picked up 3 more at 73p. Further support was evident for Currys, 5 better for a two-day rise of 11 at 264p, while Ben Williams continued to respond to support in a narrow market and hardened 2 more to 31p. Peters advanced 3 to 59p following the higher interim profits and dividend, but E. Upton lost the turn to 26p on the first-half loss and reduced dividend. Good support was seen for Wearwell, 2 better at 62p, and for Home Charm, 7 up at 105p, but Owen Owen ended 4 cheaper at 116p. A couple of pence firmer before the announcement, W. L. Pawson reverted to unchanged at 26p following the lack of an interim dividend. Lowland Drapery added 2 to 19p on the company's indications of future profitability despite the interim loss.

Conditions in the Electrical leaders became much quieter. Occasional end-Account profit-taking left Plessey 4 cheaper at 270p and Thorn EMI a similar amount lower at 352p, but GEC ended 3 better on the day at 570p after inclining easier initially. Disappointing half-yearly results left Berec 4 lower at 89p, while Highland Electronic fell 5 *to 38p on the reduced* interim dividend and profits. STC firmed 7 further to 475p and Unitech improved 5 to 351p. Electrocomponents closed 9 to the good at 755p following the *announcement* of the closure of a loss-making subsidiary.

Leading Engineers held steady until the after-hours' dealings when the majority of quotations trended a few pence higher, Hawker, 244p, and Tubes, 222p, both improving 4. Among the mixed movements elsewhere in the sector, Spirax-Sarco fell 6 to 166p on disappointing interim results, but satisfactory preliminary figures left Burgess Products 2 firmer at 46p. Fresh support lifted Haden Carrier 6 further to 166p, while sporadic demand promoted a gain of 3½ to 41p in Richardsons Westgarth.

Foods closed narrowly irregular after a quiet day's *trading*. Tesco shed *a penny* to a 1980 low of 52½p on reports that the company was shelving new store plans, but J. Sainsbury added 5 to a 1980 high of 550p on late interest.

### Bowater rise afresh

Among the miscellaneous industrial leaders, Bowater encountered further investment demand and put on 6 for a week's rise of 26 to 189p. Boots, up 5 more at 247p, continued to attract support ahead of the interim results expected shortly. Elsewhere, renewed speculative demand lifted Kelsey Industries 10 further to 175p. Ricardo continued firmly at 472p, up 6, while occasional support prompted a rise of 4 to 99p in Davies and Newman. Renwick, currently in receipt of an offer from AAH, closed 4 higher at 68p; it was announced yesterday that Tebbit Group had purchased 398,000 ordinary shares of Renwick. Giltspur closed 6 lower at 104p following the company's rejection of the Transport Development bid, while Uniflex fell 3 to 45p on the interim loss.

After rising 9 on Thursday on the agreed share exchange offer, currently worth 100p per share, from Bass, Coral Leisure shed a penny to 90p on thoughts that the offer might be referred to the Monopolies Commission; Bass, at 217p, recovered the previous day's fall of 7. Other Leisure issues made good progress. Horizon Travel were outstanding and rose 13 to a 1980 peak of 348p, for a gain on the week of 55 on hopes that sterling's strength would encourage a boom in foreign holiday bookings. Warner Holiday's A put on 4 to 53p. Elsewhere, fresh speculative support lifted Associated Leisure 6 to 138p, while Ladbroke met renewed investment buying and rose 11 to a high for the year of 249p. Norfolk Capital Group were noteworthy for a gain of 3 at 46p.

*Motor Components displayed* a firmer appearance. Lucas, 4 up at 182p, continued to recover from recent weakness on uncertainty over next month's annual results. Dowty added 2 for a week's gain of 17 at 248p, but adverse Press comment clipped 1½ from Associated Engineering, 49p.

International Thomson added 4 to 380p, a rise of 50 since Wednesday's decision to sell its newspaper interests. Elsewhere, Websters jumped 8 to 38p on the chairman's cautiously optimistic comments on current trading which accompanied the halved interim profits.

Buyers came for Properties after the official close and left *Land Securities 6 dearer* at 392p and MEPC 2 firmer at 240p. Haslemere Estates added 6 to 378p and British Land 3 to 98p. Peachey, a dull market recently on the £6.9m rights issue proposal, improved 4 to 164p. Interest was shown in Second City Properties which put on 2 to 68p. Town and City firmed 1½ to 29p and Marlborough 2 to 44p, but Marler Estates, still awaiting bid developments, slipped to 82p before closing 5 off at 85p.

### Sovereign feature

Secondary Oils provided several outstanding improvements. Speculative demand lifted Sovereign 35 to 500p, while Attock were good again at 334p, up 24, for a similar reason. Cambridge Petroleum closed 30p higher at 340p; it was announced yesterday that the scheme to merge Cambridge Petroleum Royalties and Cambridge Royalty Company was not approved by shareholders, and Premier Consolidated stated that it had again approached CRC with a view to acquiring its interest in CPR. Leading issues met end-Account profit-taking, but finished above the worst, BP ending 4 cheaper at 462p, after 456p. Royal Dutch were particularly dull at £41, down 1½, with Shell easing 4 to 460p in sympathy.

Press comment encouraged occasional buying interest in the Shipping sector, Lyle improving 13 to 285p and Common Bros. *10 to 315*.

Among Trusts, Viking Resources firmed 2 to 166p following the proposed rights issue and dividend forecast while, in Financials, fresh support in a limited market lifted English Association 35 to 515p; on the other hand, Mercantile House, down 7 at 373p, met end-account profit-taking.

Textiles were featured by G. and G. Kynoch, 16 better at 55p following the return to profits and the dividend list. John Crowther rose 3 to 25p on the interim statement, while renewed support lifted Radley Fashion 3 to 36p. Illingworth Morris eased a fraction to 14½p, while the A held unchanged at 11½p: the prices shown for both classes of stock in yesterday's issue were incorrect.

### Mines down again

Mining markets were generally more active yesterday in end-account trading. The $4 decline in the bullion price to $632.5 cut most gold shares, and the Gold Mines index gave up 13.4 to 457.8, but by the close most shares were showing signs of rallying.

Among the heavyweight South African Golds, Randfontein Estates closed 1½ lower at £38¾, while Durban Deep lost 1½ to £18½. Falls of around £1 were common to Winkelhaak, £15¼, Hartebeest, £40, Kloof, £18¾, West Driefontein, £40½, Western Deep, £28¾, Free State Geduld, £34½, and St Helena, £20.

In the cheaper issues, Welkom lost 40 to 966p and Blyvoor 30 to 940p. ERGO, 592p, Venterspost, 940p, Free State Saaiplaas, 439p, Loraine, 368p, and Unisel, 521p, all shed 20 or more.

Platinums also suffered, with Rustenburg 20 lower at 300p, Impala down 13 at 427p and Lydenburg giving up 7 to 198p.

South African Financials were mostly weaker, where changed, with Geocor down ½ to £10½, "Johnnies" £1 lower at £35 and Anglo American 29 off at 801p.

London Financials, by contrast, more than made up the ground lost earlier in the day, with Consolidated Gold Fields finally 7 better at 632p, after 620p. Charter rose 6 to 280p and RTZ 4 better at 472p.

Australians had a quieter day than of *late*, with *most* of the leaders giving up around 10, as in Peko Wallsend, 590p, Central Pacific, 415p, Southern Pacific, 156p and Gold Mines of Kalgoorlie, 550p.

In quiet Tins, Killinghall declined 15 to 550p on profit-taking, while Tronoh lost 10 to 460p after the announcement of the suspension of dealings in the Far East which should result in clarification of the recent strength of the share price.

## NEW HIGHS AND LOWS FOR 1980

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980.

### NEW HIGHS (136)

- BRITISH FUNDS (13)
- CORPORATION LOANS (1)
- BANKS (3)
- BEERS (1)
- BUILDINGS (4)
- DRAPERY & STORES (3)
- ELECTRICALS (9)
- ENGINEERING (6)
- FOODS (2)
- HOTELS (3)
- INDUSTRIALS (18)
- INSURANCE (3)
- LEISURE (4)
- PROPERTY (6)
- SHIPPING (1)
- TEXTILES (4)
- TRUSTS (37)
- OIL & GAS (12)
- OVERSEAS TRADERS (2)
- MINES (2)

### NEW LOWS (25)

AMERICANS (2)
Burroughs Corp.
Mnfctrs Hanover

CHEMICALS (3)
Akzo
Hoechst
BASF AG

STORES (3)
Oliver (G.) A.
Upton (E.) A
Ramar Textiles

ELECTRICALS (2)
Highland Elec.
Philips' Lamps

ENGINEERING (7)
Aurora
Thyssen
Clifford (Ch.)
Triplex Foundries
Midland Industries
Wolseley Hughes
Neepsend

FOODS (1)
Tesco

INDUSTRIALS (5)
Beatson Clark
Toothill (R. W.)
Friedland Doggart
Wilkins & Mitchell
Reed Executive

NEWSPAPERS (1)
Black (A. & C.)

PROPERTY (1)
Wereldhave

## RISES AND FALLS

| | Yesterday Up | Yesterday Down | Yesterday Same | On the week Up | On the week Down | On the week Same |
|---|---|---|---|---|---|---|
| British Funds | 86 | 16 | 14 | 257 | 106 | 112 |
| Corpns. Dom. and Foreign Bonds | 7 | 3 | 64 | 37 | 37 | 247 |
| Industrials | 214 | 229 | 948 | 1,221 | 1,013 | 4,721 |
| Financial and Prop. | 123 | 78 | 293 | 660 | 344 | 1,486 |
| Oils | 18 | 26 | 15 | 116 | 77 | 102 |
| Plantations | — | 5 | 19 | 17 | 14 | 89 |
| Mines | 13 | 106 | 41 | 196 | 328 | 276 |
| Others | 21 | 88 | 59 | 156 | 322 | 412 |
| Totals | 461 | 551 | 1,453 | 2,660 | 2,241 | 7,425 |

## OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Oct. 20 | Oct. 31 | Jan. 22 | Feb. 2 |
| Nov. 3 | Nov. 14 | Feb. 5 | Feb. 16 |
| Nov. 17 | Nov. 28 | Feb. 26 | Mar. 9 |

*For rate indications see end of Share Information Service*

Options remained active and calls were transacted in Airfix, FNFC, Cons. Gold Fields, Courtaulds, William Press, Security Centres, Tate and Lyle, London Investment Trust, Montague L. Meyer, BSG, Charterhall, Horizon Travel, Double Eagle, Lonrho, Dunlop, BP, Endeavour, Samuel Sherman, KCA, Arrow Chemical, Shell, Highland Distilleries, MDW and Coral Leisure. Puts were done in GEC and Plessey, while doubles were completed in Cons. Gold Fields, Premier Oil, Lonrho, Dunlop and ICI.

## FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

| | EQUITY GROUPS & SUB-SECTIONS<br>Figures in parentheses show number of stocks per section | Fri., Oct. 24, 1980 Index No. | Day's Change % | Est. Earnings Yield % (Max.) | Gross Div. Yield % (ACT at 30%) | Est. P/E Ratio (Net) | Thurs., Oct. 23 Index No. | Wed., Oct. 22 Index No. | Tues., Oct. 21 Index No. | Mon., Oct. 20 Index No. | Year ago (approx.) Index No. | 1980 High | 1980 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (171) | 293.94 | +0.1 | 15.01 | 5.63 | 8.09 | 293.59 | 291.30 | 286.78 | 284.57 | 220.87 | 296.77 (12/9) | 208.87 (3/1) | 296.77 (12/9/80) | 50.71 (13/12/74) |
| 2 | Building Materials (28) | 251.60 | −0.3 | 18.91 | 6.81 | 6.28 | 252.24 | 252.97 | 250.74 | 250.69 | 217.33 | 268.14 (21/7) | 194.00 (3/1) | 270.52 (8/5/79) | 44.27 (11/12/74) |
| 3 | Contracting, Construction (27) | 425.61 | −0.4 | 21.44 | 5.87 | 5.50 | 427.24 | 426.95 | 423.37 | 423.61 | 350.23 | 437.01 (18/9) | 313.00 (3/1) | 451.74 (4/5/79) | 71.48 (2/12/74) |
| 4 | Electricals (17) | 947.72 | +0.3 | 10.29 | 2.81 | 11.95 | 945.18 | 928.60 | 905.98 | 888.64 | 552.79 | 947.72 (24/10) | 539.56 (2/1) | 947.72 (24/10/80) | 84.71 (25/6/62) |
| 5 | Engineering Contractors (11) | 358.45 | +0.3 | 17.27 | 7.21 | 7.38 | 357.29 | 356.38 | 354.64 | 356.81 | 306.88 | 358.45 (24/10) | 264.74 (30/5) | 429.70 (4/5/79) | 64.39 (2/1/75) |
| 6 | Mechanical Engineering (72) | 181.70 | +0.4 | 15.93 | 7.35 | 7.65 | 180.93 | 179.78 | 176.97 | 176.36 | 149.57 | 190.20 (18/7) | 146.46 (3/1) | 211.08 (8/5/79) | 45.43 (6/1/75) |
| 8 | Metals and Metal Forming (16) | 153.53 | −0.1 | 19.01 | 10.66 | 6.56 | 153.75 | 154.01 | 153.87 | 154.26 | 152.17 | 173.09 (18/7) | 141.95 (2/1) | 192.29 (4/5/79) | 49.65 (6/1/75) |
| | CONSUMER GOODS | | | | | | | | | | | | | | |
| 11 | (DURABLE) (48) | 246.59 | −0.2 | 12.98 | 5.11 | 9.22 | 247.13 | 245.22 | 242.86 | 238.09 | 214.62 | 253.81 (12/9) | 184.82 (3/1) | 259.88 (8/5/79) | 38.39 (6/1/75) |
| 12 | Lt. Electronics, Radio, TV (14) | 385.58 | −0.4 | 9.86 | 3.59 | 12.33 | 387.06 | 383.68 | 379.28 | 369.74 | 305.62 | 392.58 (10/9) | 247.36 (3/1) | 392.58 (10/9/80) | 42.85 (13/12/74) |
| 13 | Household Goods (13) | 88.65 | +0.3 | 25.51 | 11.09 | 4.95 | 88.35 | 88.99 | 88.85 | 88.36 | 133.41 | 116.40 (1/1) | 87.06 (2/9) | 263.22 (4/5/72) | 63.92 (17/12/74) |
| 14 | Motors and Distributors (21) | 96.10 | +0.3 | 22.48 | 9.74 | 5.13 | 95.81 | 95.16 | 94.77 | 94.62 | 101.44 | 115.86 (29/1) | 94.62 (20/10) | 170.59 (15/1/69) | 19.91 (6/1/75) |
| | CONSUMER GOODS | | | | | | | | | | | | | | |
| 21 | (NON DURABLES) (171) | 244.48 | +0.4 | 16.75 | 6.61 | 7.21 | 243.47 | 241.52 | 238.22 | 236.25 | 219.88 | 248.78 (12/9) | 200.15 (3/1) | 269.81 (4/5/79) | 61.41 (13/12/74) |
| 22 | Breweries (14) | 279.52 | +0.6 | 16.21 | 6.59 | 7.20 | 277.79 | 280.63 | 276.21 | 274.14 | 272.79 | 306.45 (8/7) | 248.93 (3/1) | 306.45 (8/7/80) | 69.47 (13/12/74) |
| 23 | Wines and Spirits (5) | 297.58 | +0.4 | 20.57 | 6.87 | 5.75 | 296.40 | 295.21 | 290.73 | 288.75 | 310.70 | 338.01 (9/9) | 278.92 (2/6) | 352.29 (29/3/79) | 78.88 (13/12/74) |
| 24 | Entertainment, Catering (17) | 357.64 | +1.2 | 16.26 | 6.26 | 7.58 | 353.43 | 346.15 | 344.01 | 340.53 | 306.33 | 357.64 (24/10) | 268.87 (3/1) | 374.32 (3/5/79) | 54.83 (9/1/75) |
| 25 | Food Manufacturing (22) | 216.69 | −0.5 | 18.36 | 7.04 | 6.43 | 217.84 | 219.43 | 217.38 | 216.92 | 200.52 | 226.47 (18/9) | 183.95 (28/3) | 236.75 (4/5/79) | 59.67 (11/12/74) |
| 26 | Food Retailing (13) | 399.39 | −0.2 | 11.91 | 3.87 | 9.95 | 400.32 | 394.29 | 388.86 | 388.49 | 288.46 | 403.65 (18/9) | 286.28 (3/1) | 403.65 (18/9/80) | 54.25 (11/12/74) |
| 32 | Newspapers, Publishing (12) | 442.19 | −0.1 | 21.58 | 6.58 | 6.21 | 442.63 | 444.53 | 439.10 | 436.91 | 406.80 | 456.79 (1/10) | 378.52 (3/1) | 492.56 (8/5/79) | 55.08 (6/1/75) |
| 33 | Packaging and Paper (15) | 125.89 | +1.7 | 27.78 | 10.28 | 4.20 | 123.83 | 122.55 | 121.90 | 121.44 | 120.71 | 140.51 (21/7) | 111.30 (3/1) | 155.65 (14/9/78) | 43.46 (6/1/75) |
| 34 | Stores (44) | 252.55 | +0.9 | 11.99 | 4.99 | 10.88 | 250.18 | 244.90 | 239.71 | 236.80 | 212.04 | 252.55 (24/10) | 188.71 (3/1) | 273.48 (4/5/79) | 52.63 (6/1/75) |
| 35 | Textiles (21) | 128.55 | −0.3 | 24.37 | 11.92 | 5.00 | 128.94 | 128.68 | 127.73 | 124.72 | 142.38 | 140.52 (14/7) | 116.89 (6/6) | 235.72 (17/1/67) | 62.66 (11/12/74) |
| 36 | Tobaccos (3) | 220.71 | −0.5 | 26.00 | 10.55 | 4.38 | 221.80 | 221.80 | 220.71 | 218.73 | 216.37 | 240.29 (12/9) | 192.86 (3/1) | 339.16 (2/8/72) | 94.34 (13/6/62) |
| 37 | Toys and Games (5) | 24.82 | −0.7 | 9.06 | 11.54 | 25.52 | 25.00 | 25.54 | 26.12 | 26.12 | 58.49 | 47.59 (2/1) | 23.85 (23/9) | 135.72 (16/1/70) | 20.92 (6/1/75) |
| 41 | OTHER GROUPS (98) | 222.86 | +0.6 | 15.07 | 7.02 | 7.65 | 221.53 | 219.70 | 218.10 | 216.78 | 192.11 | 230.85 (21/7) | 184.19 (3/1) | 234.76 (8/5/79) | 58.63 (6/1/75) |
| 42 | Chemicals (16) | 303.70 | +1.2 | 17.44 | 7.99 | 6.70 | 300.13 | 295.91 | 292.91 | 291.52 | 271.36 | 326.53 (7/7) | 276.80 (3/1) | 329.77 (4/5/79) | 71.20 (2/12/74) |
| 43 | Pharmaceutical Products (7) | 228.87 | +0.3 | 10.97 | 6.12 | 11.28 | 228.15 | 227.11 | 226.41 | 223.06 | 212.21 | 243.21 (19/9) | 175.38 (28/5) | 291.13 (14/9/78) | 175.38 (28/5/80) |
| 44 | Office Equipment (6) | 107.26 | +0.1 | 19.17 | 7.75 | 6.10 | 107.17 | 105.21 | 103.26 | 103.92 | 108.94 | 123.10 (14/2) | 95.26 (24/9) | 246.06 (1/9/72) | 45.34 (2/1/75) |
| 45 | Shipping (10) | 579.17 | +0.6 | 12.69 | 6.24 | 9.62 | 575.96 | 569.19 | 566.73 | 555.11 | 447.28 | 617.88 (22/8) | 411.53 (10/1) | 617.88 (22/8/80) | 90.80 (29/6/62) |
| 46 | Miscellaneous (59) | 283.28 | +0.3 | 16.38 | 6.58 | 7.45 | 282.50 | 281.92 | 280.38 | 279.86 | 225.80 | 287.99 (31/7) | 211.86 (3/1) | 287.99 (31/7/80) | 60.39 (6/7/75) |
| 49 | INDUSTRIAL GROUP (488) | 259.55 | +0.3 | 15.76 | 6.32 | 7.66 | 258.71 | 256.64 | 253.43 | 251.29 | 219.86 | 264.55 (12/9) | 203.76 (3/1) | 273.01 (4/5/79) | 59.01 (13/12/74) |
| 51 | Oils (12) | 972.38 | −0.9 | 24.71 | 5.41 | 4.51 | 980.86 | 972.38 | 952.41 | 936.83 | 751.33 | 980.86 (23/10) | 668.86 (8/1) | 980.86 (23/10/80) | 87.23 (29/5/62) |
| 59 | 500 SHARE INDEX | 315.88 | — | 17.91 | 6.10 | 6.56 | 315.76 | 313.19 | 308.67 | 305.47 | 260.32 | 315.88 (24/10) | 241.13 (3/1) | 315.88 (24/10/80) | 63.49 (13/12/74) |
| 61 | FINANCIAL GROUP (118) | 256.09 | +0.5 | — | 5.15 | — | 253.81 | 254.61 | 252.18 | 251.66 | 180.38 | 256.71 (18/9) | 175.85 (3/1) | 256.71 (18/9/80) | 55.88 (13/12/74) |
| 62 | Banks (6) | 258.94 | +0.3 | 39.46 | 6.50 | 3.03 | 258.09 | 261.73 | 259.59 | 259.43 | 211.02 | 261.73 (22/10) | 201.01 (8/4) | 288.32 (20/7/72) | 62.44 (12/12/74) |
| 63 | Discount Houses (10) | 300.13 | −0.6 | — | 5.73 | — | 302.03 | 300.85 | 300.60 | 300.60 | 235.20 | 303.18 (23/7) | 206.50 (18/3) | 303.18 (23/7/80) | 81.40 (10/12/74) |
| 64 | Hire Purchase (5) | 237.84 | +1.0 | 10.43 | 4.24 | 12.94 | 235.46 | 232.10 | 227.44 | 228.22 | 172.92 | 253.41 (24/7) | 160.72 (3/1) | 433.74 (4/5/72) | 38.83 (11/12/74) |
| 65 | Insurance (Life) (10) | 268.66 | −0.1 | — | 4.91 | — | 268.83 | 267.91 | 263.27 | 259.25 | 146.70 | 269.93 (18/9) | 151.80 (3/1) | 269.93 (18/9/80) | 44.88 (2/1/75) |
| 66 | Insurance (Composite) (9) | 173.32 | +0.4 | — | 6.55 | — | 172.65 | 172.97 | 170.12 | 168.31 | 117.80 | 183.32 (18/9) | 117.05 (3/1) | 183.32 (18/9/80) | 43.96 (13/12/74) |
| 67 | Insurance Brokers (9) | 337.00 | −1.1 | 13.67 | 6.86 | 10.02 | 340.60 | 341.74 | 338.57 | 343.74 | 259.79 | 366.44 (18/9) | 256.48 (3/1) | 372.27 (11/8/78) | 65.86 (16/12/74) |
| 68 | Merchant Banks (13) | 156.95 | −0.9 | — | 4.84 | — | 158.35 | 157.82 | 155.39 | 155.54 | 95.16 | 158.35 (23/10) | 87.47 (3/1) | 278.57 (1/5/72) | 31.21 (7/1/75) |
| 69 | Property (45) | 468.96 | +1.2 | 3.06 | 2.60 | 45.53 | 463.40 | 463.82 | 463.41 | 465.28 | 333.82 | 474.19 (12/9) | 304.20 (3/1) | 474.19 (12/9/80) | 56.01 (20/4/65) |
| 70 | Miscellaneous (11) | 164.50 | +2.5 | 15.76 | 5.77 | 8.02 | 160.75 | 160.91 | 160.23 | 161.11 | 118.78 | 164.50 (24/10) | 119.62 (3/1) | 303.18 (18/5/72) | 33.29 (17/12/74) |
| 71 | Investment Trusts (109) | 289.83 | +0.3 | — | 5.06 | — | 289.04 | 289.31 | 287.92 | 286.66 | 194.88 | 289.83 (24/10) | 188.97 (3/1) | 289.83 (24/10/80) | 71.63 (13/12/74) |
| 81 | Mining Finance (3) | 270.48 | +1.1 | 13.14 | 4.84 | 9.07 | 267.59 | 271.57 | 267.34 | 268.10 | 133.38 | 276.02 (15/10) | 161.95 (3/1) | 276.02 (15/10/80) | 66.31 (30/9/74) |
| 91 | Overseas Traders (20) | 457.32 | −0.3 | 10.96 | 6.53 | 11.02 | 458.65 | 462.79 | 456.22 | 459.41 | 328.04 | 462.79 (22/10) | 330.03 (3/1) | 462.79 (22/10/80) | 97.37 (6/1/75) |
| 99 | ALL-SHARE INDEX (750) | 305.01 | +0.2 | — | 5.83 | — | 304.53 | 303.17 | 299.28 | 296.96 | 237.77 | 305.01 (24/10) | 225.06 (3/1) | 305.01 (24/10/80) | 61.92 (13/12/74) |

### FIXED INTEREST PRICE INDICES

| | British Government | Fri., Oct. 24 | Day's change % | Thurs., Oct. 23 | xd adj. today | xd adj. 1980 to date |
|---|---|---|---|---|---|---|
| 1 | Under 5 years | 106.73 | −0.03 | 106.76 | — | 0.78 |
| 2 | 5-15 years | 114.00 | +0.45 | 113.49 | — | 10.68 |
| 3 | Over 15 years | 119.73 | +0.52 | 119.10 | — | 11.97 |
| 4 | Irredeemables | 135.86 | +0.36 | 135.37 | — | 9.02 |
| 5 | All stocks | 113.27 | +0.33 | 112.90 | — | 10.34 |

| | FIXED INTEREST YIELDS British Govt. Av. Gross Red. | | Fri., Oct. 24 | Thurs., Oct. 23 | Year ago (approx.) | 1980 Highs | 1980 Lows |
|---|---|---|---|---|---|---|---|
| 1 | Low Coupons | 5 years | 11.46 | 11.51 | 11.27 | 13.32 (4/3) | 11.17 (21/7) |
| 2 | | 15 years | 11.44 | 11.50 | 11.60 | 13.12 (4/3) | 11.11 (21/7) |
| 3 | | 25 years | 11.44 | 11.50 | 11.93 | 13.12 (4/3) | 11.11 (21/7) |
| 4 | Medium Coupons | 5 years | 13.00 | 12.99 | 13.25 | 15.37 (4/3) | 12.45 (21/7) |
| 5 | | 15 years | 13.02 | 13.08 | 13.15 | 14.71 (4/3) | 12.40 (21/7) |
| 6 | | 25 years | 12.78 | 12.84 | 13.15 | 14.50 (4/3) | 12.35 (23/7) |
| 7 | High Coupons | 5 years | 13.12 | 13.09 | 13.71 | 15.44 (4/3) | 12.71 (17/7) |
| 8 | | 15 years | 13.28 | 13.33 | 13.64 | 15.06 (4/3) | 12.81 (21/7) |
| 9 | | 25 years | 12.98 | 13.03 | 13.43 | 14.92 (4/3) | 12.63 (23/7) |
| 10 | Irredeemables | | 11.00 | 11.03 | 11.79 | 12.53 (21/3) | 10.80 (21/7) |

| | | Fri., Oct. 24 Index No. | Fri., Oct. 24 Yield % | Thur. Oct. 23 | Wed. Oct. 22 | Tues. Oct. 21 | Mon. Oct. 20 | Fri. Oct. 17 | Thur. Oct. 16 | Wed. Oct. 15 | Year ago app'x | 1980 Highs | 1980 Lows | Since Compilation Highs | Since Compilation Lows |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 15 | 20-yr. Red. Deb. & Loans (15) | 54.56 | 13.61 | 54.44 | 54.45 | 54.44 | 54.40 | 54.54 | 54.02 | 54.00 | 55.61 | 55.65 (30/7) | 49.12 (7/1) | 113.43 (28/10/65) | 57.06 (3/1/76) |
| 16 | Investment Trust Prefs. (15) | 50.99 | 15.27 | 51.02 | 51.02 | 51.05 | 51.05 | 51.05 | 51.51 | 51.31 | 45.52 | 51.79 (19/9) | 46.34 (2/1) | 114.41 (13/8/65) | 34.45 (4/12/74) |
| 17 | Coml. and Indl. Prefs. (20) | 68.80 | 13.18 | 68.01 | 68.15 | 68.09 | 68.05 | 68.04 | 68.06 | 67.66 | 65.92 | 68.58 (4/8) | 60.92 (27/6) | 114.96 (7/10/65) | 47.67 (6/1/76) |

| Equity Section or Group | Base Date | Base Value | Equity Section or Group | Base Date | Base Value |
|---|---|---|---|---|---|
| Pharmaceutical Products | 30/12/77 | 261.77 | Industrial Group | 31/12/70 | 128.20 |
| Other Groups | 31/12/74 | 63.75 | Miscellaneous Financial | 31/12/70 | 128.06 |
| Overseas Traders | 31/12/74 | 100.00 | Food Manufacturing | 29/12/67 | 114.13 |
| Engineering Contractors | 31/12/71 | 153.84 | Food Retailing | 29/12/67 | 114.13 |
| Mechanical Engineering | 31/12/71 | 153.84 | Insurance Brokers | 29/12/67 | 96.67 |
| Wines and Spirits | 16/1/70 | 144.76 | Mining Finance | 29/12/67 | 100.00 |
| Toys and Games | 16/1/70 | 135.72 | All Other | 10/4/62 | 100.00 |
| Equipment | 16/1/70 | 128.20 | British Government | 31/12/76 | 100.00 |

† Redemption yield. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4, price 15p by post 25p. A fortnightly record of group and subsection indices, dividend yields and earnings figures since 1962, with quarterly highs and lows of the indices, is obtainable from the Book Sales Department, FT Business Publishing Limited, Minster House, Arthur Street, London, EC4R 9AX, at £50 per copy.

## FINANCIAL TIMES STOCK INDICES

| | Oct. 24 | Oct. 23 | Oct. 22 | Oct. 21 | Oct. 20 | Oct. 17 | A year ago |
|---|---|---|---|---|---|---|---|
| Government Secs | 71.56 | 71.25 | 71.27 | 70.85 | 70.52 | 70.74 | 68.86 |
| Fixed Interest | 72.48 | 72.49 | 72.34 | 72.54 | 72.26 | 72.30 | 69.86 |
| Industrial Ord. | 495.5 | 492.5 | 486.7 | 484.0 | 477.5 | 481.1 | 440.3 |
| Gold Mines | 457.8 | 471.2 | 484.5 | 472.0 | 484.4 | 500.6 | 195.9 |
| Ord. Div. Yield | 7.37 | 7.41 | 7.50 | 7.60 | 7.71 | 7.68 | 7.60 |
| Earnings, Yld. % (full) | 16.86 | 16.75 | 16.94 | 17.17 | 17.43 | 17.29 | 18.34 |
| P/E Ratio (net) (*) | 7.32 | 7.28 | 7.20 | 7.10 | 7.00 | 7.06 | 6.72 |
| Total Bargains | 23,733 | 22,254 | 21,618 | 20,855 | 20,729 | 20,083 | 17,146 |
| Equity turnover £m. | — | 192.31 | 199.55 | 136.71 | 98.20 | 105.46 | 90.42 |
| Equity bargains total | — | 20,273 | 17,809 | 17,525 | 16,514 | 14,918 | 12,076 |

10 am 491.8. 11 am 492.0. Noon 492.0. 1 pm 492.2.
2 pm 492.3. 3 pm 492.6.
Latest Index 01-246 8026.
*Nil=6.82.

Basis 100 Govt. Secs 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

### HIGHS AND LOWS

| | 1980 High | 1980 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt Secs. | 72.64 (21/7) | 63.85 (7/5) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 74.08 (24/7) | 64.70 (10/3) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 508.9 (12/9) | 406.3 (3/1) | 558.6 (4/5/79) | 49.4 (26/6/40) |
| Gold Mines. | 568.9 (22/9) | 265.5 (18/3) | 568.9 (22/9/80) | 43.5 (26/10/71) |

### S.E. ACTIVITY

| | Oct. 24 | Oct. 23 |
|---|---|---|
| —Daily | | |
| Gilt Edged | 98.2 | 127.5 |
| Industrials | 102.7 | 105.9 |
| Speculative | 46.7 | 47.8 |
| Totals | 75.0 | 80.3 |
| 5-day Avge. | | |
| Gilt Edged | 115.8 | 112.[illegible] |
| Industrials | 87.8 | 94.[illegible] |
| Speculative | 52.6 | 53.1 |
| Totals | 76.2 | 73.0 |

## RECENT ISSUES

### EQUITIES

| Issue Price p | Amount Paid Up | Latest Renunc. Date | 1980 High | 1980 Low | Stock | Closing Price p | + or − | Div. Amount | Times Covered | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| ‡‡ | F.P. | — | 320 | 215 | ††Brint Invs. | 320 | +10 | — | — | — | — |
| ‡‡ | F.P. | — | 466 | 358 | BP Restricted Trans. | 458 | −8 | 17.6 | 4.7 | 5.4 | 4.3 |
| 80 | F.P. | — | 80 | 70 | ††H'sk'th M'rcyc's 50p | 72 | ... | — | — | — | — |
| §15 | F.P. | — | 32 | 26 | ††Intervision Pfd. 10p | 27 | −1 | — | — | — | — |
| 67 | F.P. | — | 145 | 92 | ††ORE | 125 | +2 | — | — | — | — |
| §150 | F.P. | — | 200 | 180 | ††Trust Securities 40p | 200 | +4 | ‡7.00 | 2.9 | 5.6 | — |

### FIXED INTEREST STOCKS

| Issue price £ | Amount Paid Up | Latest Renunc. Date | 1980 High | 1980 Low | Stock | Closing Price £ | + or − |
|---|---|---|---|---|---|---|---|
| ‡‡ | F.P. | 10/10 | 114p | 107p | Foseco Minsep 8½% Cnv Red Cum 2nd Prf | 113p | ..... |
| ‡‡ | F.P. | 10/10 | 111 | 102 | Do. 10% Conv Uns Ln 1995 | 111 | ..... |
| §100p | F.P. | — | 118p | 96p | ††Intervision 7% Cnv. Pref. | 109p | −1 |
| ‡ | £10 | .. | 15½ | 14½ | Lee Valley Water 9½% Red. Pref. 1987 | 15½ | ..... |
| ¶ | F.P. | 31/10 | 117 | 106 | Queens Moat 10½% Cons Uns Ln '89-91 | 108 | ..... |
| ¶ | F.P. | 10/11 | 115 | 103½ | R.T.Z. 8½% Conv. Uns. Ln. '85-2000 | 109p | −1 |
| ‡ | F.P. | — | 87 | 95 | S. Rhodesia 6% '78-81 Asstd. | 96 | ..... |
| ‡ | F.P. | — | 70 | 61 | Do. 4½% '77-82 Asstd. | 62 | ..... |
| ‡ | F.P. | — | 42 | 31 | Do. 3½% '80-85 Asstd. | 33 | −1 |
| ‡ | F.P. | — | 25 | 20½ | Do. 4½% '87-92 Asstd. | 22 | ..... |
| ¶ | Nil | .. | 8½pm | 3½pm | TownCentreSecs. 9½% Cnv. Uns. Ln. '95-2000 | 8½pm | ..... |
| ¶ | F.P. | 17/10 | 36⅛ | 35¼ | Western Deep 12% Uns. Deb. '86-93 | 36⅛ | ..... |
| | — | | 11½ | 10 | Do. Options | 11 | ..... |
| ‡ | F.P. | — | 312 | 275 | Zimbabwe settlement annuity Reg. | 275 | ..... |

### "RIGHTS" OFFERS

| Issue price p | Amount Paid up | Latest Renunc. Date ● | Latest Renunc. Date ■ | 1980 High | 1980 Low | Stock | Closing price p | + or − |
|---|---|---|---|---|---|---|---|---|
| 54 | Nil | — | — | 18pm | 15pm | Argyll Foods | 16pm | +1 |
| 300 | F.P. | 20/10 | 5/12 | 384 | 342 | BTR | 384 | +2 |
| 115 | Nil | — | — | 20pm | 17pm | Brixton Estate | 19½pm | +1 |
| 27 | Nil | — | — | 10pm | 6pm | Bulgin (A.F.) A | 8½pm | −½ |
| 650 | F.P. | 30/10 | 10/11 | 800 | 765 | Burnett & Hallamshire | 770 | ..... |
| A$350 | Nil | — | — | 160pm | 130pm | CRA | 149pm | −3 |
| 157 | Nil | — | — | 40pm | 17½pm | Cape Industries | 40pm | +4 |
| 500 | Nil | 31/10 | — | £3¼pm | £2½pm | Commercial Bk. of Nr. East | £3½pm | +¾ |
| R50 | Nil | — | 51/10 | £23¼pm | £11¼pm | △East Rand Prop. Units | £12¼pm | −1¼ |
| A$2 | Nil | — | — | 5pm | 5pm | ElderSmith Goldsbrough M'rt | 5pm | ..... |
| 80 | Nil | — | — | 45pm | 33pm | Huntleigh | 40pm | ..... |
| 15 | F.P. | — | — | 32 | 27 | ††Intervision | 29 | ..... |
| 100 | F.P. | — | — | 115 | 101 | Do. 7% Cnv Pref. | 110 | ..... |
| 240 | F.P. | 6/10 | 14/11 | 365 | 330 | M. L. Hldgs. | 330 | −20 |
| 280 | F.P. | 17/10 | 7/11 | 350 | 302 | Mills & Allen | 350 | −20 |
| 25 | Nil | — | — | 98pm | 93pm | Mucklow (A.J.) | 93pm | −5 |
| 260 | F.P. | — | — | 388 | 317 | ††Pict Petroleum | 395 | +5 |
| 80 | Nil | — | — | 5pm | 5pm | Pyke (Hldgs.) | 3pm | −2 |
| 370 | F.P. | 17/10 | 14/11 | 475 | 428 | Ricardo | 475 | ..... |

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. || Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ||| Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Unlisted security. † Dealings under special rule. ‡‡ London Listing. ‡ Resulting from debt settlement scheme. △ Linked units of 4 ord. and 1 option.

## UNIT TRUST SERVICE

### OFFSHORE & OVERSEAS—contd.

**Gartmore Invest. Ltd. Ldn. Agts.**
2, St. Mary Axe, London, EC3. 01-283 3531

**Gartmore Fund Managers (C.I.) Ltd. (a)(h)**
41, Broad St., St. Helier, Jersey. 0534-73741
Gilt Fund (Jersey) 98.0 103.0 ... 12.50

**Gartmore Fund Managers (Far East) Ltd. (a)(h)**
1503 Hutchison Hse., 10 Harcourt Rd., H. Kong
Australian Tst. US$15.844 16.999
HK & Pac. U. Tst. HK$6.586 7.097 −0.07 2.66
Japan Fd. US$18.577 19.999 0.60
N. American Tst. US$24.71 25.260 1.60
Intl. Bond Fund US$12.138 12.765 9.30

**Gartmore Fund Managers (I.o.M.) (a)**
P.O. Box 32, Douglas, IoM. 0624 23911
Gartmore Intl. Inc. 21.0 23.2 13.60
Gartmore Intl. Grth. 121.3 129.0 6.63

**Guinness Mahon Fd. Mgrs. (Guernsey)**
PO Box 188, St. Peter Port, Guernsey. 0481 23506.
Intl. Fund $21.30 21.99 ... —
Prices at Sept. 25. Next dealing Oct. 30.

**Hambro Pacific Fund Mgmt. Ltd.**
2110, Connaught Centre, Hong Kong
Far East Oct. 22 HK$21.77 22.94 ... —
Japan Fund Oct. 24 US$9.15 9.62 −0.19 —

**Hambros Fd. Mgrs. (C.I.) Ltd.**
P.O. Box 86, Guernsey. 0481-26521
Capital Reserve Fd. £12.23 12.25 ... 0.23
C.I. Fund 197.8 210.7 ... 3.09
Special Sits. Fund 62.9 64.9 ... 2.70
Intnl. Bond US$107.54 110.87 ... 0.37
Int. Equity US$16.93 17.45 ... 0.86
Int. Svgs. 'A' $US 1.21 1.25 ...
Int. Svgs. 'B' 1.79 1.85 ...
Prices on October 22. Next dealing October 29.
†Excludes initial charge on small orders.

**Henderson Admin. (Guernsey) Ltd.**
7 New St., St. Peter Port, Guernsey 0481 26541/2
American O/S (USc) 126.0 132.6 ... —

**Henderson Baring Group**
801, Gloucester, 11, Pedder, Hong Kong
Japan Fd. Oct. 22 US$23.64 24.66 ... —
Japan Tech. Oct. 20 US$13.318 —
Malay Singp. Oct. 21 14.900 —
Pacific Fd. Oct. 22 US$17.121 —
Bond Fd. Oct. 23 US$10.940 −0.15 9.00

PO Box 71, 7 New St., Peter Port, Guernsey, CI.
Gilt Fd.† 9.98 10.08 ... 12.85
*Inclusive of Preliminary charge. †Weekly dealings.

**Hill-Samuel & Co. (Guernsey) Ltd.**
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst. 197.2 210.9 ... 3.18

**Hill Samuel Invest. Mgmt. Intnl.**
P.O. Box 63, Jersey. 0534 27381.
HS Channel Is. Fd. 143.0 152.5 ... 4.00
H.S. Fixed Int. Fd. 96.0 101.9 ... 12.00
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. US$23.87 24.82 −0.37 —
CSF Fd. (Acc.) SF17.60 17.98 −0.08 —
Crossbow Fd. (Acc.) SF5.20 5.31 ... —
ITF Fd. (Acc.) US$13.13 13.39 −0.16 —

**N.V. Interbeheer**
P.O. Box 526, Delft, Holland
Esmeralda (Iss. Price) DF60.18 ... 1.66

**International Pacific Inv. Mgmt. Ltd.**
P.O. Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst. A$3.68 3.80 ... 3.80

**Jardine Fleming & Co. Ltd.**
46th Floor, Connaught Centre, Hong Kong
Jardine J'pn. Fd. Y1,925 0.8
J.F. Japan Small Co. Y10,304 —
Jardine Estn. Tst. HK$50.44 2.50
Intl. Pac. Secs. (Inc.) HK$21.79 0.8
Do. (Accum.) HK$22.60 —
Jardine Flem Int. HK$25.12 —
Jardine S.E.A. US$38.86 1.20
J.F. Cur. & Bd. Fd. (Inc.) US$11.09 7.10
Do. (Accum.) US$11.94 —
Japan & Pacific Cov Tst. US$11.40 4.70
NAV October 15.
London Agents: Robt. Fleming & Co. Tel: 01-638 5858

**Leopold Joseph & Sons (Guernsey)**
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648.
L.J. Sterling Fund £12.20 12.23 ... —

**Kemp-Gee Management, Jersey Ltd.**
1 Charing Cross, St. Helier, Jersey 0534 73741
Capital Fund 146.2 150.7 ... —
Income Fund 56.9 58.7 ... 10.74
Gilt Bond £1,015 1,069 ... —

**Kayser Ullmann Ltd.**
25, Milk Street, EC2V 8JE. 01-606 7070
Fonselex SF157.75 170.85 ... 2.00
Bondselex SF113.85 119.65 ... —
Central Assets £178.02 178.09 +0.04 —

**King & Shaxson Mngrs.**
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Gnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund (Jersey) £8.54 8.59 ... 12.25
Gilt Trust (I.o.M.) 98.9 101.4 ... 12.25
Gilt Fnd. Guernsey £9.12 9.16 ... 12.25
Intl. Govt. Secs. Tst.
First Sterling £17.18 17.34 ... —
First Intl. 233.31 234.55 ... —

**Kleinwort Benson Limited**
20, Fenchurch St., EC3. 01-623 8000
Eurinvest LF1140 −1 4.92
Guernsey Inc. 85.9 92.3 ... 5.26
Do. Accum. 116.3 123.6 ... 5.26
K.B. Eurobond Fd. £8.92 9.02 ... 9.33
K.B. Far East Fd. US$23.40 — ... 1.70
K.B. Gilt Fund £10.26 10.33 ... 12.03
K.B. Int. Bd. Fd. Inc. US$97.59 9.28
K.B. Int. Bd. Fd. Acc. US$112.27 9.28
K.B. Intl. Fund US$16.38 2.15
K.B. Japan Fund US$37.99 0.65
K.B. Sterl. Asset Fd. £11.70 11.72
K.B. U.S. Gwth. Fd. US$20.77 1.86
Signet Bermuda US$7.58 1.98

**Lazard Brothers & Co. (Jersey) Ltd.**
P O Box 108, St. Helier, Jersey, C.I. 0534 37361
Laz. Bros. Int. Cap. US$12.71 13.53 ... 0.70

**Lloyds Bk. (C.I.) U/T Mgrs.**
P.O Box 195, St. Helier, Jersey. 0534 27561
Lloyds Tst. O'seas 68.3 72.6 ... 1.55
Next dealing October 30.
Lloyds Trust Gilt 9.78 9.79 ... 12.50
Next dealing Oct. 29.

**Lloyds Bank International, Geneva**
P.O. Box 433, 1211 Geneve 11 (Switzerland)
Lloyds Int. Growth SF589 629.0 ... 0.50
Lloyds Int. Income SF289.50 301.00 ... 6.00

**M & G Group**
Three Quays, Tower Hill EC3R 6BQ. 01-626 4588
Atlantic Oct. 21 US$7.48 7.72 ... —
Aust. Ex. Oct. 22 US$10.00 10.63 ... —
Gold Ex. Inc. Oct. 22 US$70.02 73.71 ... 4.98
Gold Ex. Acc. US$88.22 92.87 ... 4.98
Island 156.8 164.7 +0.1 3.91
(Accum Units) 238.8 254.1 +0.1 3.91

**Management International Ltd.**
Bk. of Bermuda Bldg., Bermuda. 809-295-4000
Bda. Intl. Bd. Fd. Cap. US$11.32 ... —
Bda. Intl. Bd. Fd. Inc. US$10.75 ... 12.00
Prices Oct. 23. Next dealing Oct. 27.

**Midland Bank Tst. Corp. (Jersey) Ltd.**
28-34, Hill St., St. Helier, Jersey 0534 36281
Midland Drayton Gilt 100.7 101.2 +0.7 11.36

**Samuel Montagu Ldn. Agents**
114, Old Broad St., EC2. 01-588 6464
Apollo Fd. Oct. 7 SF59.00 64.05 ... 2.76
Japtest. Sept. 30 HK$20.46 22.15 ... 0.41
117 Group Sept. 30 US$15.04 16.18 ... 2.50
Jersey Oct. 1 £6.91 7.63 ... 1.65
117 J'sey. O's Sept. 24 5.93 6.25 ... 3.49

**Murray, Johnstone (Inv. Adviser)**
163, Hope St., Glasgow, C2. 041-221 3521
Hope St. Fd. Oct. 15 US$43.32 ... —
Murray Fund Oct. 15 US$21.54 ... —
Pacific Fd. Sept. 30 US$4.77 ... —

**Nat. Westminster Jersey Fd. Mgrs. Ltd.**
45 La Motte St., St. Helier, Jersey 0534 36241
High Income Fund 47.6 49.0 +1.0 12.24
Equity Fund 60.5 63.0 ... 3.23
International Bond* 48.6 50.6 ... —
*Sub. day every Thurs.

**Negit S.A.**
10a Boulevard Royal, Luxembourg
NAV Oct. 17 US$12.92 ... —

**N.E.L. International Ltd.**
P.O. Box 119, St. Peter Port, Guernsey, C.I.
Sterling Deposit 49.7 52.3 ... —
Sterling Fixed Interest 49.4 52.0 ... —
Sterling Managed 48.3 52.4 ... —
Intl. Fixed Interest 47.6 51.6 ... —
Intnl. Managed 48.1 52.4 ... —

***Pacific Basin Fund***
10a Boulevard Royal, Luxembourg.
NAV US$20.11 +0.03 —

**Phoenix International**
PO Box 77, St. Peter Port, Guern. 0481 26741
Inter-Dollar Fund US$3.01 3.25 ... —
Far East Fund US$2.23 2.41 ... —
Intl. Currency Fund US$1.68 1.82 ... —
Dollar Fed. Int. Fund US$2.15 2.32 ... —
Stlr. Exempt Gilt Fd. £1.42 1.54 ... —

**Providence Capitol Life Ass. (C.I.)**
PO Box 121, St Peter Port, Guernsey 0481 26726/9
Sterling Bond Fd. 50.0 52.5 ... —
Sterling Equity Fd. 68.6 72.0 ... —
Intnl. Bond Fd. US$1.00 1.05 ... —
Intnl. Equity Fd. US$0.96 1.00 ... —
Prices at October 23. Next dealing October 30.

**Quest Fund Mngmnt. (Jersey) Ltd.**
PO Box 194, St. Helier, Jersey. 0534 27441
Quest Stlg. Fxd. Int. £0.809 0.857 ... 14.00
Quest Intl. Secs. US$1.189 1.269 ... [illegible]
Quest Intl. Bd. US$0.835 0.882 ... 11.34
Prices on Oct. 22. Next dealing Oct. 29.

**RBC Investment Managers Limited**
PO Box 48, St. Peter Port, Guernsey. 0481-23021.
Intl. Income Fd. US$10.18 10.77 ... —

**Raminco Managers Ltd.**
P.O. Box 1549, Hamilton, Bermuda. Bda. 292-7979
RAMINCO Oct. 6 $10.27 10.59 ... —

**Richmond Life Ass. Ltd.**
48, Athol Street, Douglas, I.O.M. 0624 23914
(x)The Silver Trust 294.6 301.6 −2.6 —
Do. Diamond Bd. 140.4 147.7 ... —
Irish Gilt Bond 121.9 128.3 −0.1 12.58
Sterling Deposit Bd. 120.98 127.36 ... [illegible]
Atlas Gilt & Com. Fd. 101.0 106.3 ... —
UK Gilt Fund 114.5 120.4 +0.7 —

**Rothschild Asset Management (C.I.)**
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331
O.C. America Fd.† US$2.61 2.77 ... [illegible]
OCSm. Co.*** 98.7 104.3 ... [illegible]
O.C. Commodity* 107.5 114.3 ... [illegible]
O.C. Dir. Comdty.† US$[illegible]
O.C. Hong Kg. Fd.† HK$[illegible]
O.C. Sterling Fd.** £12.647 [illegible]
**O.C. International Reserves Limited
Bel. Francs (Fin.) 6)5.09 Italian Lira [illegible]
Canadian $ 25.52 Singapore $ [illegible]
D-Mark 48.72 £ Sterling [illegible]
Dutch Guilder 40.850 Swiss Francs [illegible]
French Francs 102.31 U.S.$ [illegible]
*Prices on Oct. 14. Next dealing Oct. [illegible]
†Prices on Oct. 21. Next dealing Nov. 2.
**Daily dealings. ***October 31.

**Rothschild Asset Mgt. (Bermuda)**
P.O. Box 664, Bk. of Bermuda Bld., Bermuda
Reserve Assets Fd. US$9.74 9.95 −0.01 —
Prices on October 20. Next dealing October 28.

**Save & Prosper International**
Dealing to
P.O. Box 73, St. Helier, Jersey 0534 73933
Fixed Interest Funds
Deutschmark Bd.**‡ DM9.26 9.83 ... 5.60
Dil. Fxd. Int.**‡ US$8.28 8.81 ... 8.51
St. Fixed*** ‡ 112.9 119.5 ... [illegible]
Yen Bond Y997 1058 ... [illegible]
Equity Funds
Channel Capital‡ 85.3 90.0 ... 2.93
Internatl. Gr.*‡ US$13.03 14.09 ... —
Far Eastern*‡ US$15.80 17.09 ... —
North American*‡ US$7.06 7.64 ... —
Sepro**‡ 17.88 21.73 ... —
Trust Channel Isl.‡ 79.5 83.9 ... 5.95
Commodity Funds
Commodity****‡ 168.5 177.7 −3.7 —
Deposit Funds
SL Deposit***‡ 128.2 128.4 +0.1 0.39
*Prices on Oct. 20. **Oct. 22. ***Oct. 24.
****Oct. 23. ‡Weekly dealings. ‡Daily dealings.

**Schroder Life Group**
Enterprise House, Portsmouth. 0705 27733
International Funds
£Equity 99.4 105.7 ... —
$Equity US$2.298 2.444 ... —
£Fixed Interest 178.2 189.5 ... —
$Fixed Interest US$1.250 1.329 ... —
£Managed 137.5 146.2 ... —
$Managed US$1.794 1.908 ... —

**Schroder Mngt. Services (Jersey) Ltd.**
P.O. Box 195, St. Helier, Jersey. 0534 27561
Sterling Money Fd. £10.10 10.11 ... —
Next subscription day October 29.

**J. Henry Schroder Wagg & Co. Ltd.**
120, Cheapside, EC2. 01-588 4000
Am. Inv. Tst. Oct. 16 US$19.17 ... 1.83
Asian Fd. Oct. 13 US$24.70 25.61 ... 2.44
Cheapside $ Oct. 23 US$20.80 [illegible] −0.34 1.91
Darling Fd. Oct. 23 A$3.78 4.03 ... 4.00
Japan Fund Oct. 16 US$8.82 9.48 ... 1.89
Trafalgar Fd. Sept. 30 US$252.79 ... —

**Sentry Assurance International Ltd.**
P.O. Box 1776, Hamilton 5, Bermuda.
Managed Fund US$5.698 6.2368 +0.0314 —

**Singer & Friedlander Ldn. Agents.**
20, Cannon St., EC4. 01-248 9646
Dekafonds 24.00 25.26 ... 6.33
Tokyo Trust Oct. 1 US$37.50 ... 2.40

**Standard Chartered Intl. Bd. Fd.**
37 rue Notre-Dame, Luxembourg.
NAV Oct. 20 US$10.44 ... —

**Stronghold Management Limited**
P O. Box 315, St. Helier, Jersey. 0534-71460
Commodity Trust 155.53 163.72 ... —

**Surinvest (Jersey) Ltd. (x)**
Queens Hse., Don Rd., St. Helier, Jsy. 0534 27349
American Ind. Tst. £4.77 4.87 −0.10 —
Copper Trust £12.44 12.69 +0.32 —
Jap. Index Tst. £6.53 6.67 −0.05 —

**Surinvest Trust Managers Ltd.**
48, Athol Street, Douglas, Isle of Man. 0624 23914
The Coin Trust 109.6 115.3 ... —

**TSB Unit Trust Managers (C.I.) Ltd.**
10, Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Jersey Fund 54.0 56.8 ... 5.86
TSB Guernsey Fund 54.0 56.8 ... 5.86
Prices on Oct. 22. Next sub. day Oct. 29.

**TSB Gilt Fund Managers (C.I.) Ltd.**
10 Wharf St., St. Helier, Jersey (CI). 0534 73494
TSB Gilt Fund 95.0 98.0 ... 14.29
TSB Gilt Fd. (Jsy.) 95.0 98.0 ... 14.29
Prices on Oct. 22. Next sub. day Oct. 29.

**Tokyo Pacific Holdings N.V.**
Intimis Management Co. N.V., Curacao.
NAV per share Oct. 21. US$91.82.

**Tokyo Pacific Hldgs. (Seaboard) N.V.**
Intimis Management Co. N.V., Curacao.
NAV per share Oct. 21. US$66.89.

**Tyndall Group**
P.O. Box 1256 Hamilton 5, Bermuda. 2-2760
Overseas Oct. 22 US$1.52 1.64 ... 6.00
(Accum. Units) US$2.73 2.91 ... —
2 New St., St. Helier, Jersey. 0534 37331/3
TOFSL Oct 23 £9.70 10.40 ... 2.40
(Accum. shares) £16.50 17.70 ... —
American Oct. 23 116.0 122.0 ... 2.62
(Accum. shares) 124.2 133.0 ... —
Far Eastern Oct 23 117.6 125.0 ... 1.79
(Accum. shares) 123.2 131.0 ... —
Jersey Fund Oct 22 142.8 153.0 ... 6.54
(Non-J Acc. Uts.) 230.0 258.0 ... —
Gilt Fund Oct 22 103.6 105.2 ... 11.45
(Accum. Shares) 174.2 177.4 ... —
Victory House, Douglas, Isle of Man. 0624 24111.
High Inc. Gilt Oct 22 104.6 106.6 ... 13.36
(Accum Shares) 117.0 119.2 ... —

**Unilife Assurance (Overseas) Ltd.**
P.O. Box 1388, Hamilton 5-31, Bermuda
Internl. Mngd. Fd. US$1.30 ... —

**Union-Investment-Gesellschaft mbH**
Postfach 16767, D 6000 Frankfurt 16.
Unifonds DM18.90 17.00 −0.10 —
Unirak DM47.35 49.75 −0.30 —
Unirenta DM37.26 38.40 −0.10 —

**Van Cutsem & Associates Ltd.**
42, Essex Street, London, WC2 01-353 6845
PanAmer. O's. Fd. US$143.61 ... —

**S. G. Warburg & Co. Ltd.**
30, Gresham Street, EC2 01-600 4555
Energy Inr Oct 23 US$42.80 −0.66 —
Merc. Eurobd. Oct. 15 US$[illegible] 11.78 ... 8.113
Mrc. My. Oct. 20 £12.95 12.96 ... —

**Warburg Invest. Mngt. Jrsy. Ltd.**
7 Library Place, St. Helier, Jsy. CI 0534 37217
CMT Ltd. Sept. 25 £14.15 14.51 ... 2.64
Metals Tst. Oct. 16 £13.14 13.86 ... 3.74
SMT Ltd. Oct. 2 £13.51 13.86 ... —
TMT Ltd. Oct. 9 £13.20 13.54 ... 4.81

**Wardley Investment Services Ltd.**
4th Floor, Hutchison House, Hong Kong
Wardley Trust HK$26.47 28.60 ... —
Wardley Nikko As. Fd. US$12.76 13.40 ... —
Wardley Bond Trust US$10.10 10.48 ... —
Wardley Japan Trust US$14.02 14.92 ... —

**World Wide Growth Managements**
10a, Boulevard Royal, Luxembourg
Worldwide Gth Fd. US$34.48 −0.09 —

**Wren Commodity Trust**
10, St. George's St., Douglas IoM 0624 25015
Wren Commod. Tst. 43.1 33.8 ... —

NOTES

Prices are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♦ Net of tax on realised capital gains unless indicated by ♦. ‡ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

# FT UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a) (c)

Allen Harvey & Ross Unit Tst. Mngrs.

Allied Hambro Ltd. (a) (g)

Anderson Unit Trust Managers Ltd.

Ansbacher Unit Mgmt. Co. Ltd.

Arbuthnot Securities Ltd. (a)(c)

Archway Unit Tst. Mgs. Ltd.

Barclays Unicorn Ltd.

Baring Brothers & Co., Ltd.

Bishopsgate Progressive Mgmt. Co.

Bridge Fund Managers (a)(c)

Britannia/Schlesinger

Schlesinger Trust Mngrs. Ltd. (a)(c)(g)

The British Life Office Ltd.

Brown Shipley & Co. Ltd.

Canada Life Unit Trust Mngrs. Ltd.

Capel (James) Mngt. Ltd.

Carr, Sebag Unit Trust Managers (a)

Charities Charities N/R Fund

Charities Official Invest. Fund

Chieftain Trust Managers Ltd.

Chestertan Fund Managers (g)

Confederation Funds Mgt. Ltd. (a)

Craigmount Unit Tst. Mgrs. Ltd.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)

Darlington Unit Trust Mngt. Ltd.

Discretionary Unit Fund Managers

E. F. Winchester Fund Mngt. Ltd.

Emson & Dudley Tst. Mngmt. Ltd.

Equity & Law Un. Tr. M.

Fidelity International Managers Ltd.

James Finlay Unit Trust Mngt. Ltd.

Framlington Unit Mgt. Ltd. (a)

Friends' Provdt. Trust Mgrs.

Funds in Court

G.T. Unit Managers Ltd.

G. & A. Trust (a)(g)

Gartmore Fund Managers (a)(g)

Gibbs (Antony) Unit Tst. Mgs. Ltd. (a)

Govett (John)

Grieveson Management Co. Ltd.

Guardian Royal Ex. Unit Mgrs. Ltd.

Henderson Administration (a) (b) (c)

Hill Samuel Unit Tst. Mgrs.

Investment Intelligence Ltd. (a)(g)

Key Fund Managers Ltd. (a)(g)

Kleinwort Benson Unit Managers

L & C Unit Trust Management Ltd.

Legal & General (Unit Trust Mngrs.) Ltd.

Leonine Administration Ltd.

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Lloyd's Life Unit Tst. Mngrs. Ltd.

Local Authorities' Mutual Invest. Tst.

M & G Group (y)(c)(z)

Manulife Management Ltd.

Mayflower Management Co. Ltd.

Mercury Fund Managers Ltd.

Midland Bank Group Unit Trust Managers Ltd.

Minster Fund Managers Ltd.

MLA Unit Trust Mngemnt. Ltd.

Murray Johnstone U.T. Mgmt.

Mutual Unit Trust Managers (a)(g)

National Provident Inv. Mngrs. Ltd.

National Westminster (a)

NEL Trust Managers Ltd.

Northgate Unit Trust Managers Ltd.

Norwich Union Insurance Group (b)

Pearl Trust Managers Ltd. (a)(g)(z)

Pelican Units Admin. Ltd. (g)(x)

Perpetual Unit Trust Mngmt.

Practical Invest. Co. Ltd. (y)(c)

Provincial Life Inv. Co. Ltd.

Prudl. Portfolio Mngrs. Ltd.

Quilter Management Co. Ltd.

Reliance Unit Mgrs. Ltd.

Ridgefield Management Ltd.

Rothschild Asset Management (g) (x)

Rowan Unit Trust Mngt. Ltd.

Royal Tst. Can. Fd. Mgrs. Ltd.

Save & Prosper Group

Scottish Equitable Fnd. Mgrs. Ltd.

Security Selection Ltd.

Stewart Unit Tst. Managers Ltd. (a)

Sun Alliance Fund Mngt. Ltd.

Target Tst. Mngrs. Ltd. (a)(g)

Tower Unit Trust Mngt. Ltd.

Trades Union Unit Tst. Managers

Transatlantic and Gen. Secs. Co. (y)

TSB Unit Trusts (y)

Tyndall Managers Ltd. (a)(b)(c)

Ulster Bank (a)

Unit Trust Account & Mgmt. Ltd.

## INSURANCE PROPERTY BONDS

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Albany Life Assurance Co. Ltd.

AMEV Life Assurance Ltd.

Arrow Life Assur. Co. Ltd.

Barclays Life Assur. Co. Ltd.

Black Horse Life Ass. Co. Ltd.

Canada Life Assurance Co.

Cannon Assurance Ltd.

Capital Life Assurance

Charterhouse Magna Gp.

Chieftain Assurance Funds

City of Westminster Assurance

Commercial Union Group

Confederation Life Insurance Co.

Cornhill Insurance Co. Ltd.

Credit & Commerce Insurance

Crown Life Insurance Co.

Crusader Insurance Co. Ltd.

Eagle Star Insur./Midland Assur.

Equity & Law Life Ass. Soc. Ltd.

Equity & Law (Managed Funds) Ltd.

Family Assurance Society

Assicurazioni Generali S.p.A.

General Portfolio Life Ins. C. Ltd.

Gresham Life Ass. Soc. Ltd.

Growth & Sec. Life Ass. Soc. Ltd.

Guardian Royal Exchange

Hambro Life Assurance Limited

Hearts of Oak Benefit Society

Henderson Administration

Hill Samuel Life Assur. Ltd.

Imperial Life Ass. Co. of Canada

Irish Life Assurance Co. Ltd.

King & Shaxson Ltd.

Langham Life Assur. Co. Ltd.

Legal & General (Unit Assur.) Ltd.

Legal & General Prop. Fund Mgrs. Ltd.

Life Assur. Co. of Pennsylvania

Lloyds Life Assurance

London Indemnity & Gnl. Ins. Co. Ltd.

The London & Manchester Ass. Gp.

M & G Group

Merchant Investors Assurance

NEL Pensions Ltd.

NPI Pensions Management Ltd.

New Zealand Ins. Co. (U.K.) Ltd.

Norwich Union Insurance Group

Pearl Assurance (Unit Funds) Ltd.

Phoenix Assurance Co. Ltd.

Planned Savings Group

Premium Life Assurance Co. Ltd.

Property Growth Assur. Co. Ltd.

Providence Capitol Life Assc. Co. Ltd.

Provincial Life Assurance Co. Ltd.

Prudential Pensions Limited

Reliance Mutual

Rothschild Asset Management

Royal Insurance Group

Save & Prosper Group

Schroder Life Group

Scottish Widows' Group

Skandia Life Assurance Co. Ltd.

Solar Life Assurance Limited

Standard Life Assurance Company

Sun Alliance Fund Mangmt. Ltd.

Sun Alliance Linked Life Ins. Ltd.

Sun Life of Canada (UK) Ltd.

Sun Life Unit Assurance Ltd.

Target Life Assurance Co. Ltd.

Transinternational Life Ins. Co. Ltd.

Trident Life Assurance Co. Ltd.

Tyndall Assurance/Pensions

Vanbrugh Life Assurance

Vanbrugh Pensions Limited

Welfare Insurance Co. Ltd.

Windsor Life Assur. Co. Ltd.

## OFFSHORE & OVERSEAS FUNDS

Albany Fund Management Limited

Alexander Fund

Allen Harvey & Ross Inv. Mgt. (C.I.)

Alliance International Dollar Reserves

Arbuthnot Securities (C.I.) Limited

Bank of America International S.A.

Banque Bruxelles Lambert

Barbican Managers (Jersey) Ltd.

Barclays Unicorn International

Bishopsgate Commodity Ser. Ltd.

Bishopsgate Progressive—Ldn. Agents

Bridge Management Ltd.

Britannia/Schlesinger

Brown Shipley Tst. Co. (Jersey) Ltd.

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Capital International Fund S.A.

Charterhouse Japhet

Clive Investments (Jersey) Ltd.

Cornhill Ins. (Guernsey) Ltd.

Craigmount Fixed Int. Mngrs. (Jersey)

DWS Deutsche Ges. F. Wertpapiersp.

Delta Group

Deutscher Investment-Trust

Dreyfus Intercontinental Inv. Fd.

Emson & Dudley Tst. Mgt. Jrsy. Ltd.

The English Association

Eurobond Holdings N.V.

F & C Mgmt. Ltd. Inv. Advisers

Fidelity International Ltd.

First Viking Commodity Trusts

Fleming Japan Fund S.A.

Frankfurt Trust Investment-GmbH

Free World Fund Ltd.

G.T. Management Ltd.

Schlesinger International Mngt. Ltd.

Continued on previous page

# FT SHARE INFORMATION SERVICE

## BRITISH FUNDS

| 1980 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| | | **"Shorts" (Lives up to Five Years)** | | | | |
| 100⅛ | 99⅛ | Exchequer 13pc 1980‡‡ | 99⅞xd | ...... | 13.01 | 14.67 |
| 99½ | 96¾ | Treasury 11½pc 1981‡‡ | 99⅜ | +⅛ | 11.59 | 14.86 |
| 97⅝ | 90¾ | Treasury 3½pc 1979-81 | 97⅝ | +¼ | 3.59 | 12.32 |
| [illegible] | | | | | | |

### Five to Fifteen Years

[illegible]

### Over Fifteen Years

[illegible]

### Undated

[illegible]

## INTERNATIONAL BANK

[illegible]

## CORPORATION LOANS

[illegible]

## COMMONWEALTH AND AFRICAN LOANS

| 1980 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 91 | 82¼ | Aust. 5½pc '81-82 | 90½ | ...... | 6.10 | 13.17 |
| 85¼ | 77½ | Do. 6pc 1981-83 | 85 | ...... | 7.26 | 12.93 |
| 67¼ | 59 | N.Z. 7½pc 1988-92 | 67½ | ...... | 11.11 | 13.13 |
| 82¼ | 72 | Do. 7½pc '83-86 | 82½ | ...... | 9.39 | 12.57 |
| 96¼ | 89 | Sth. Africa 9½pc '79-81 | 94½xd | +½ | 10.02 | 15.13 |
| 160 | 95 | S. Rhod. 2½pc Non-As. | 97 | ...... | — | 30.33 |
| 169 | 153 | Do. 6pc '78-81 N.-As. | 147 | +1 | — | 26.54 |

## LOANS

| 1980 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| | | **Public Board and Ind.** | | | | |
| 64½ | 56½ | Agric. Mt. 5pc '59-89 | 64 | ...... | 8.01 | 12.09 |
| 84 | 73½ | Alcan 10½pc '89-94 | 84 | ...... | 12.87 | 13.50 |
| 29¼ | 25 | Met. Wtr. 3pc 'B' | 29 | ...... | 10.48 | 12.61 |
| 104½ | 89 | U.S.M.C. 9pc 1982 | 104 | ...... | 8.96 | — |
| 92 | 85½ | Do. without Warrts. | 91½ | ...... | 10.20 | 13.90 |
| | | **Financial** | | | | |
| 99⅛ | 96½ | FFI 13pc 1981 | 99 | ...... | 13.13 | 16.11 |
| 101½ | 93½ | Do. 14pc '83 | 100¼ | ...... | 13.97 | 13.87 |
| 88½ | 79½ | FFI(UK Fa)5½pcDb. '80-2 | 88 | ...... | 6.25 | 12.78 |
| 82½ | 71½ | Do. 6¼pcDb. '81-84 | 79xd | ...... | 7.91 | 13.05 |
| 92½ | 80½ | Do. 10½pc Uns.Ln. '86 | 92½ | +1½ | 11.78 | 13.50 |
| 92½ | 77 | Do. 11pc Uns.Ln. '88 | 92 | ...... | 12.40 | 13.15 |
| [illegible] | | | | | | |

## FOREIGN BONDS & RAILS

[illegible]

## AMERICANS

[illegible]

## CANADIANS

| 1980 High | Low | Stock | Price | + or – | Div. Gross | Cvr | Gr's Yld |
|---|---|---|---|---|---|---|---|
| [illegible] | | | | | | | |
| 22¼ | 12½ | Hollinger $5 | 20⅝ | –⅛ | $2.20 | — | 4.0 |
| 11⅛ | 845p | Hudson's Bay O | 886xd | +5 | $1.20 | — | 5.2 |
| 74¼ | 925p | Hud B. Oil G. $2½ | 21½ | –¼ | n57¼ | — | 1.9 |
| 21⅞ | 13⅛ | Imperial Oil | 14⅝ | –1 | $1.40 | — | 3.6 |
| 14 | 855p | Inco | 900p | –25 | $US720 | — | 3.6 |
| 565p | 425p | Int. Nat. Gas $1 | 485p | –10 | $1.00 | — | 7.8 |
| 495p | 220p | Massey Ferg. | 225p | +5 | — | — | — |
| 200p | 97p | Place Gas $1 | 115p | ...... | — | — | — |
| 14¼ | 10½ | Rio Algom | 14 | +⅛ | $2.50 | — | 4.0 |
| 19¼ | 14¼ | Royal Bk.Can. $2 | 18¼xr | –¼ | $2.72 | — | 5.6 |
| 25⅞ | 15¾ | Seagram Co. C$1 | 24xd | ...... | $US1.10 | — | 2.1 |
| 12 | 890p | Tor. Dom. Bk. $1. | 10⅝ | –¼ | $1.44 | — | 5.1 |
| 10½ | 750p | Trans Can. Pipe | 770p | –15 | $1.16 | — | 5.7 |

## BANKS AND HIRE PURCHASE

[illegible]

### Hire Purchase, etc.

[illegible]

## BEERS, WINES AND SPIRITS

[illegible]

## BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

## CHEMICALS, PLASTICS

[illegible]

## DRAPERY AND STORES

[illegible]

## ELECTRICALS

[illegible]

## ELECTRICALS—Continued

[illegible]

## ENGINEERING MACHINE TOOLS

[illegible]

## FOOD, GROCERIES, ETC.

[illegible]

## FOOD, GROCERIES—Cont.

[illegible]

## HOTELS AND CATERERS

[illegible]

## INDUSTRIALS (Miscel.)

[illegible]

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## INDUSTRIALS—Continued

| 1980 High | 1980 Low | Stock | Price | + or − | Div. Net | C'vr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 54 | 45 | Hargreaves 20p | 50 | — | 3.96 | [illegible] | 11.3 | (4.8) |
| 98 | 60 | Harris (Ph.) 20p | 79 | ..... | 5.5 | 1.7 | 9.9 | (7.5) |
| 46½ | 31 | Harris & Sheldon | 36 | ..... | 3.0 | 2.3 | 11.9 | 5.0 |
| 34 | 19 | Hawkins & Tipson | 23 | ..... | ‡1.0 | [illegible] | ‡ | 7.0 |
| 16¼ | 8½ | Hawtin 5p | 8½ | ..... | 0.25 | [illegible] | 4.1 | 3.0 |
| 69 | 46 | Hay (Norman) 10p | 60 | +2 | ‡3.35 | [illegible] | ‡ | 10.5 |
| 106 | 57 | Headlam 'A' 10p | 101 | ..... | ♦2.5 | [illegible] | 3.5 | 11.6 |
| 112 | 86½ | Hepworth Cmic | 93½ | ..... | 5.0 | [illegible] | 7.6 | 4.6 |
| 36 | 22 | Hestair | 29 | +1 | 1.0 | 1.7 | 4.9 | (2.8) |
| 50 | 32 | Hewitt (J.) | 32 | −3 | 1.5 | 9.8 | 6.7 | 1.7 |
| 43 | 24 | Highgate & Job 50p | 27 | ..... | — | — | — | — |
| 65 | 45 | Hill (Chas.) £1 | 53 | +3 | — | — | — | — |
| 33 | 17 | Hirst Mal'son 20p | 18 | ..... | ‡2.6 | 1.4 | ‡ | (3.5) |
| 100 | 75 | Holden (A.) | 100 | ..... | 5.0 | 5.5 | 7.1 | 4.9 |
| 51 | 23 | Hollis Bros | 30 | +1 | 1.4 | 1.4 | 6.7 | (13.4) |
| 88 | 70 | Holt Lloyd Int. 10p | 73 | −1 | h3.17 | 2.5 | 6.3 | 7.4 |
| 182 | 118 | Hoover 'A' | 132 | ..... | ‡12.0 | 8.9 | ‡ | (2.9) |
| 112 | 52 | Hoskins & H 20p | 52 | ..... | ‡8.0 | 1.5 | ‡ | 3.8 |
| •80 | 54 | Howard Tenens | 67 | ..... | 2.28 | 2.8 | 4.9 | 12.4 |
| 377 | 230 | Hunting Assoc. | 360 | ..... | 5.0 | 6.8 | 2.0 | 9.2 |
| •131 | 68 | Huntleigh 10p | 119m | −1 | t1.5 | 2.8 | 1.8 | 29.9 |
| 129½ | 55½ | Hutch Whamp SHK1 | 121 | +½ | h0.28c | 2.6 | 1.9 | 19.6 |
| 25½ | 16 | Hyman (I. & J.) 5p | 15 | −½ | 1.25 | 3.6 | 11.2 | 3.5 |
| £13⅝ | 845 | I.C. Industries$1 | £12⅞ | ..... | Q$2.00 | — | 7.3 | — |
| 196 | 111 | ICL | 150 | −3 | †h2.97 | 7.4 | 2.8 | 5.1 |
| 32 | 24 | Ingall Inds. 10p | 32 | ..... | 2.27 | ♦ | 10.6 | ♦ |
| 298 | 107 | Initial Services | 198 | ..... | 7.5 | 2.3 | 5.4 | 9.8 |

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FINANCIAL TIMES
Saturday October 25 1980

MAN OF THE WEEK

# Enough is enough

BY MAX WILKINSON

THE QUALITY most often associated with Ken Thomson is the one which perhaps least equips him to understand the customs, practice and apparently Gadarene tendency of Fleet Street.

He is, by general consent, a pre-eminently decent guy: an upright, non-smoking, non-drinking churchgoer, who lavishes time and attention on his family and lives with lack of ostentation. For an hereditary peer and a multimillionaire oil executive, he is remarkably modest. He is also reputed to be a kindly man, taking no relish in frenetic hiring and firing nor in battles of wills.

In his Toronto office on the 22nd floor, he is said to be intelligent, hard working and effective, without having the brilliance, the brash wit nor the insatiable appetite for work of his father, Roy.

Whereas the father gloried in his self-made wealth, his power and his barony, the second Lord Thomson prefers to be known as plain Ken. He frequently takes his lunch anonymously with the secretaries across the road at a sandwich bar in Simpsons store which, incidentally, he owns.

LORD THOMSON
'A decent guy: upright, non-smoking, non-drinking, kindly.'

The sharp contrast in personality between the father and son is said by some acute observers to have been highly beneficial for the Thomson Organisation. Roy Thomson loved the rough and tumble of a business which he could drive with all the reins in his hand. He loved the tight corners, the spills and the long straight runs of profits at the end. But those days are past. A business which he started by selling radios (sometimes, the legend goes, to people out of range of transmitters) is now a huge empire underpinned by oil. A quieter, smoother leadership seems appropriate and the phenomenal growth of the group has made delegation of power much more necessary.

Whereas Roy Thomson acquired money, his son's major task is to find ways of investing it wisely. Profits pre tax last year reached £172m, while total assets of the organisation are now worth around £1.6bn. Against this, the £15m projected loss of Times Newspapers this year seems small. Even the £70m which the organisation has poured into Fleet Street since 1966, when Roy Thomson bought The Times is relatively modest.

And that, according to a not particularly cynical Times executive, is half the trouble. Time and again when negotiations were tough unions have told the management: "What are you worried about? Ken Thomson has all that oil money: We want some of it and he'll pay."

That he did pay up reflected partly a pledge to his father, but also a genuine personal interest and pride in The Times and Sunday Times. He reads both papers closely, comments on their contents and still maintains an office in Grays Inn Road.

It was he who made the decision that journalists should be paid full salaries throughout the 11 months' suspension last year.

And at the end of the year when the unions were still refusing to accept most of the management's demands, it was Ken Thomson who agreed to give the papers a final chance on the basis of an extremely muddy compromise.

The subsequent failure of the printers to keep their word and the "ingratitude" of Times journalists who went on strike in August therefore hit him where it hurt most—not this time in the pocket—but his slightly old fashioned sense of what is decent, honourable and fair. So with considerable bitterness and a sense of absolute finality he decided to part forever with his father's proudest bauble.

For The Times it may prove a sentence of death, but Thomson Newspapers are still very much alive. In Canada, Ken Thomson has just bought the country's most famous paper, The Toronto Globe and Mail, produced, need one say it, with new technology.

# R-R net loss nearly doubled in first half

By MICHAEL DONNE, AEROSPACE CORRESPONDENT

NET LOSSES at Rolls-Royce, the State-owned aero engine manufacturer, nearly doubled in the first half of 1980 to £17m compared with £9m a year before.

The figures are shown in the latest half-yearly statement of the National Enterprise Board, published yesterday.

In 1979 as a whole Rolls-Royce lost £63m. Part of the blame for the increase in the first half loss is laid on the continued increase in the value of sterling.

The company sells its engines for dollars under many of its old contracts, but incurs its manufacturing costs in sterling.

The other basic reason for the higher loss is that Rolls-Royce is incurring heavy interest payments on loans of £140m that it took out with a syndicate of City banks earlier this year to help meet cash needs for work in progress.

The loans comprised one of £75m in sterling with an option to convert to dollars, and one of $150m.

The half-yearly accounts show that in the six months to the end of June the company's sales increased substantially. They

NEB's £5.8m loss overall, Page 3
Sale of Brown Boveri Kent stake, Page 20

reached £523m against £398m in the first half of 1979.

This was mainly due to a high delivery rate of RB-211 engines to the U.S. for installation in Boeing 747 Jumbo jets and Lockheed L1011 TriStar airliners.

The company has heavy commitments on RB-211s of various models, both for these aircraft and also for the new Boeing 757 jet airliner, not due for delivery until 1983-84.

Nonetheless, the inflow of new engine orders in recent months has been slow because of the recession, which in turn has cut orders by airlines for jet aircraft.

The company's overall order book, which stood at close to £2bn last December, is running down, but is still at a high level.

It is confident that despite the increased half-year loss it is on the road to improvement and that provided it can keep its costs down it will return to profitability next year.

Much seems likely to depend on the length of the recession, with the airlines' reluctance to buy, and how far the company is successful in winning new markets for the Das 535 version of the RB-211 in the Boeing 757.

Several major U.S. airlines are known to be studying the 757 aircraft with a view to placing orders this winter. One is Delta, another Pan American.

The competition for the engine contracts is fierce, with both General Electric and Pratt and Whitney bidding strongly.

# 'Serious' bids for Times received

By Christian Tyler, Labour Editor

PLANS for the rescue of The Times under the ownership of a syndicate were further advanced yesterday as Fleet Street unions acknowledged that the Thomson Organisation was not going to reverse its decision to sell or close the daily, the Sunday Times and the three supplements.

The credibility of the syndicate idea for saving The Times independently of the Sunday Times, was strengthened by interest shown overnight by Lord Weinstock, chief executive of GEC.

Thomson British Holdings disclosed yesterday that it had received "a few" serious inquiries from potential purchasers of, presumably, a more conventional kind for one or both of the main titles.

The only bidder publicly to have declared himself so far is Mr. Robert Maxwell of Pergamon Press. But his suit is not taken seriously, at least by senior Times editorial staff.

In the absence of any concrete bids Mr. William Rees-Mogg, editor of The Times and chief proponent of the syndicate idea, further developed his plans at a meeting with his journalists yesterday. On Monday he flies to Canada to test the reaction of Lord Thomson and will visit the U.S.

He welcomed Lord Weinstock's interest: "He adds considerably to the credibility of the idea in terms of the City and of the Thomson Organisation. It is clear that a syndicate that has him in it has more substance than one with shadowy figures who won't come forward.

Mr. Rees-Mogg's plans, which may include a minority shareholding for the limited liability company set up last year by journalists of the Times and its literary and educational supplements, are designed to guarantee the absolute editorial independence and character of the newspaper.

Moves are afoot to involve printworkers in the discussions. Mr. Joe Wade, general secretary of the main craft union, the National Graphical Association, said he did not think a consortium could get off the ground unless it included production workers.

Investing in Fleet Street, Page 8
Consortium question, Page 19

# Free Polish union faces struggle over Party role

BY CHRISTOPHER BOBINSKI IN WARSAW

POLAND'S LARGEST independent trade union, Solidarity, appears set for a fresh struggle with the authorities after a Warsaw court wrote into its articles of registration yesterday a clause subordinating the union to "the leading role of the Communist Party in the State."

Mr. Lech Walesa, the former Gdansk shipyard strike leader who founded the union last summer, said Solidarity would appeal against the insertion of the clause by the district court judge, Mr. Zdzislaw Koscielniak, without his knowledge or consent.

Earlier members of Solidarity, which now claims 7m members, believed they had won a significant victory when the union was given official consent to organise and carry out other activities. A series of apparently officially-inspired delays had held up the registration process for several weeks.

But Judge Koscielniak stunned the packed courtroom when he announced that he had decided to include a clause saying that the union recognised "the leading role of the Party in the State" in its statute.

This came after Mr. Walesa said in court that while the union honoured the Gdansk agreement which ended the strikes in August, and the constitution which contained this clause, Solidarity was categorically opposed to having it in its statute.

The union was a-political and would not let itself be dominated by any political forces.

In making the change the judge appears to have overstepped his powers as defined by a special decree issued on September 15, which said the court was obliged merely to check that union statutes "do not conflict with the Constitution and the law."

The decree gave the judge no powers to change the statutes without agreement of the union side.

Solidarity will now appeal to the Polish High Court.

Mr. Walesa took a conciliatory line when he left the court, and told a crowd of more than 1,000 outside that the union was registered.

# Sterling

Continued from Page 1

Sterling touched a high of DM 4.61 before closing at DM 4.55½, compared with DM 4.45¼ a week earlier. The pound at one stage rose to $2.4650 though the rate fell back sharply in thin later trading to close 25 points down at $2.44.

Ministers still emphasise that the rate is market determined. They are totally opposed both to intervention in the markets to hold down the rate and to inward exchange controls. There is a vigorous debate about whether a one or two point cut in MLR would make a significant impact on sterling in current conditions.

The Bank of England has publicly stated its concern about the impact of the rise in the pound and the associated deterioration in the real competitive position of British goods. The Bank's worries have increased recently as a result of discussions with industrialists.

The Bank has also been publicly opposed to intervention and to inward exchange controls.

Continued from Page 1

# U.S. prices

backed Conference Board and the University of Michigan's Institute for Social Research recently uncovered a measurable increase in consumer confidence in the past month. Neither suggested this implied a new boom, but regarded it more as a reflection of relief that the recession was short and sharp.

The argument that the worst is over was expected to be the main theme of President Carter's foray into blue-collar districts in New Jersey, Michigan and Ohio, which started yesterday.

What the President will not be able to disguise, and what Mr. Reagan will undoubtedly stress, however, is that the average American's income continues to fall in real terms.

The Labour Department, in a separate report yesterday, said that real spendable earnings in September were 0.4 per cent below the level of August and 6.7 per cent down over the past 12 months.

# Portugal buys TriStars

BY DIANA SMITH IN LISBON

AIR PORTUGAL is to buy five Lockheed Tri-Star jets equipped with Rolls-Royce engines as the first stage in renewal and expansion of its fleet.

The deal will be worth $350m, and will involve Lockheed and Rolls-Royce in an unusual promotion efforts to help sell Portuguese goods as a means of offsetting the hard currency cost of the aircraft.

After months of official delay, during which Lockheed and McDonnell-Douglas competed for an order which opens the door to further sales, a protocol was signed in Lisbon yesterday. This entails, initially, three extended-range L-1011-500 TriStars to be delivered by 1983, with a firm option for another two by 1984.

Thereafter, the airline may acquire at least five more TriStars as its fleet expands from the present 24 to 33 long and medium range aircraft.

Purchase of the first five TriStars is to be financed by one of the largest, most favourable packages offered to a Portuguese concern. This followed keen competition among banks.

A consortium of banks, led by Chase Manhattan of New York, National Westminster of London, and the Banco Portugues do Atlantico, is organising the financing.

Because the TriStar purchases will absorb large sums of foreign currency, the Portuguese authorities have asked Lockheed and Rolls-Royce to undertake, or to promote, purchase of a wide range of Portuguese goods, including traditional products like wine, and less traditional ones like machinery.

# Council workers cautious on pay

By Nick Garnett, Labour Staff

NEGOTIATORS representing 1.1m local authority manual workers conceded yesterday that in the present economic climate they would be forced to consider seriously a single figure pay offer.

The unions submitted a claim yesterday for inflation-linked rises, but immediately indicated their recognition that the financial pressures on local authorities would make this unobtainable.

Mr. Charles Donnet, General and Municipal Workers Union national officer and secretary of the joint-union side, said that the unions thought their claim for substantial rises was fully justified. At the same time, they were prepared to recognise the authorities' financial difficulties providing employers had some "empathy" for the plight of their labour force.

His view was not shared by all the union side.

Mr. Ron Keating, assistant general secretary of the National Union of Public Employees, said that he did not see how he could recommend any single figure offer. It is also not clear what the union negotiators' position would be on an offer which was far below 10 per cent.

The flexible position of negotiators for the General and Municipal Union, appeared to be echoed by those of the Transport and General Workers Union.

The employers can determine their position fully only when the level of Rate Support Grant is announced next month.

They are certain to make a single figure pay offer. This will be governed by the very severe financial pressures on them arising from tighter Government cash restrictions, partly as a result of council "overspending," the size of previous pay settlements, and the growing impact of the recession on industrial rate collections.

In the first formal public sector wage negotiations of the new pay round, manual and craft workers at the Atomic Energy Authority have been made a "final" offer of 9 per cent, which has been sent out to shop stewards without a union recommendation.

Mr. Donnet said the unions had told employers that anything less than the rate of inflation would be viewed as a drop in living standards, but they were not seeking a confrontation. They wanted to see tolerance on both sides.

The claim, which also includes improved holidays and a shorter working week, was partly based on the erosion of the value of last year's 13 per cent settlement by inflation and the average level of other settlements.

UK AEA offers 9 per cent, Page 9

## Weather

UK TODAY

CHANGEABLE, drier in South and East, average temperatures.

London, S.E. England
Dry, sunny periods. Max. 14C (57F).

E. England
Cloudy, bright periods developing. Max. 12C (54F).

Midlands, Channel Isles, Wales, I. of Man, W. England
N. Ireland, W. Scotland
Mostly dry, sunny intervals. Max. 14C (57F).

Scottish borders, E. Scotland
Scattered wintry showers, cold. Max. 8C (46F).

Outlook: Continuing changeable, some sunshine. Normal temperatures.

WORLDWIDE

| | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|
| Ajaccio | F | 19 | 66 | Istanbul | S | 20 | 68 |
| Algiers | S | 25 | 77 | Jersey | C | 10 | 50 |
| Amsdm. | S | 13 | 55 | L. Plms. | F | 23 | 73 |
| Athens | S | 22 | 72 | Lisbon | F | 19 | 66 |
| Barclna. | F | 19 | 66 | Locarno | C | 11 | 52 |
| Beirut | R | 20 | 68 | London | S | 14 | 57 |
| Belfast | F | 10 | 50 | Luxmbg. | C | 11 | 52 |
| Belgrd. | S | 19 | 66 | Luxor | S | 33 | 91 |
| Berlin | F | 12 | 54 | Madrid | F | 19 | 66 |
| Biarritz | R | 15 | 59 | Majorca | C | 22 | 72 |
| Bmghm. | S | 12 | 54 | Malaga | C | 19 | 66 |
| Blackp'l | R | 11 | 52 | Malta | F | 23 | 73 |
| Bordx. | F | 17 | 63 | Mchstr. | F | 11 | 52 |
| Boulgn. | F | 11 | 52 | Milan | C | 13 | 55 |
| Bristol | F | 11 | 52 | Moscow | C | 2 | 36 |
| Brussels | C | 11 | 52 | Munich | F | 15 | 59 |
| Brussels | C | 11 | 52 | Naples | F | 18 | 64 |
| Casbca. | C | 23 | 73 | Nwcstl. | R | 9 | 48 |
| Cardiff | R | 11 | 52 | Nice | F | 18 | 64 |
| Budpst. | F | 13 | 55 | Nicosia | S | 23 | 73 |
| Cologne | C | 12 | 54 | Oporto | F | 16 | 61 |
| Cpnhgn. | R | 9 | 48 | Oslo | Sl | 2 | 36 |
| Corfu | F | 21 | 70 | Paris | R | 16 | 61 |
| Dublin | F | 10 | 50 | Prague | F | 13 | 55 |
| Dbrvnk. | F | 18 | 64 | Reykjvk. | C | 1 | 34 |
| Ednbgh. | R | 8 | 46 | Rhodes | S | 22 | 72 |
| Faro | C | 22 | 72 | Rome | F | 20 | 68 |
| Florence | C | 15 | 59 | Salzb'rg | F | 16 | 61 |
| Frankf't | R | 10 | 50 | Stckhm. | R | 7 | 45 |
| Funchal | F | 24 | 75 | Strasbg. | C | 13 | 55 |
| Geneva | R | 9 | 48 | Tel Aviv | F | 25 | 77 |
| Gibrltr. | C | 18 | 64 | Tenerife | S | 20 | 68 |
| Glasgow | R | 10 | 50 | Tunis | S | 22 | 72 |
| G'rnsey | R | 10 | 50 | Valencia | R | 9 | 66 |
| Helsinki | Sl | 2 | 36 | Venice | F | 14 | 57 |
| Innsbrk. | F | 11 | 52 | Vienna | F | 14 | 57 |
| Invrnss. | R | 7 | 45 | Warsaw | C | 12 | 54 |
| I.o.Man | F | 11 | 52 | Zurich | C | 12 | 54 |

C—Cloudy. F—Fair. R—Rain. S—Sunny. Sl—Sleet

THE LEX COLUMN

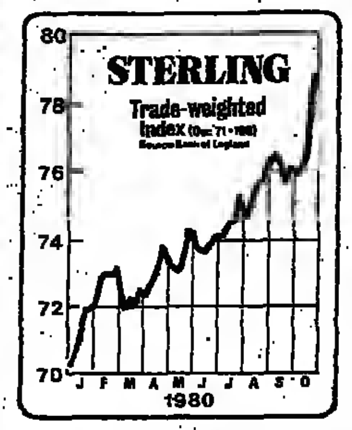
# NEB's start-ups and closures

The National Enterprise Board made a pre-tax loss of £4m in the six months to June. That looks a precise enough figure, but its precision is highly misleading, for it leaves entirely out of account such major items as the profit on disposal of the NEB's shareholding in Ferranti, or the provision which will be required against Herbert, now being wound up. It is just as well that it also leaves out of account an item of £10.8m representing the "discount on early repayment of loans to Her Majesty's Government." On adding this back, one version of the NEB's news release was able to claim an actual profit of £3.3m for the period. All of which lends strength to the plea of Sir Arthur Knight, in his first annual statement as NEB chairman last April, for a "proper framework of accountability."

Now that the NEB's profitable investments have mostly been sold it has become almost purely a venture capital organisation. It is almost inevitably going to make losses on current trading, but the aim will be that in due course lumpy capital profits will be made on realisation of its investments. The NEB now has only two subsidiaries of any size which make good profits—United Medical Enterprises and Wholesale Vehicle Finance—and these are being swamped by the losses on the three start-up situations, Inmos, Insac and Nexos which between them ran a deficit of £6.8m in January-June.

The Ferranti disposal came just outside this period on July 1, so at least there will be a £30m-plus disposal profit to swell the full year's accounts. But Herbert has to be provided for, and revenue losses seem set to continue. Maybe the NEB should seek more of those "profits" on loan repayments. It seems that no cash was actually paid back to the Government, but only that loans were converted into public dividend capital. By a quirk of accounting, the NEB qualified for an early repayment discount and gained an extraordinary credit in its accounts.

Index rose 3.0 to 495.5



## Spot checks

Bankers in the City have not had much fun since the corset came off. They are not even allowed to buy gilt-edged any more, and there is nothing to do between make-up days except swap dreary anecdotes about falling loan demand. But now every day will be brimming with hazard. Behold the brisk knock on the glass door there may be lurking not the old chap from the Discount House doing his rounds but a snooper from the Bank of England Reserve Asset Inspection Department (RAID for short)—perhaps a retired official from Exchange Control with a warrant to inspect balance sheets.

It is good that the Bank should at last show that it means business, and that the reserve asset ratio is there to be observed. The escalating cost of reserve assets has made it increasingly tempting for banks to let their cover fall between make-up days, and scrupulous banks have been at a growing disadvantage.

The only trouble is that money market rates are likely to come under upward pressure as banks begin to treat every day like make-up day; it is not quite clear what the Bank would do to anyone running inadequate reserve asset cover, but doubtless it could make life pretty unpleasant. If higher money rates force the authorities into a decision on what level of reserve assets is really appropriate in day-to-day banking, then so much the better.

## Berec

Last year's interim figures from Berec, heavily influenced by labour disputes, proved deeply disappointing to the stock market. This year's are no better: pre-tax profits in the six months to August emerge at £3.3m against £3.2m and there is a £4.8m attributable current cost loss.

This time the problems have been sterling, which has almost wiped out export margins, and a £2m jump in the interest charge, the result of Berec's heavy cash outflow—£22m in 1979-80, and a similar figure for the current year—as well as higher rates of interest. Berec continues to invest heavily in new capital equipment but its cash flow is woefully inadequate at present.

Now that its export business is so unprofitable Berec's profits have a pronounced seasonal bias in favour of the North European winter. It has just pushed through a modest price rise in the UK, and retailers—who have very low stock levels—should begin to buy soon. Berec's confident statement that full year profits should be broadly similar to last year's £17.2m must hang on this sort of consideration. At the moment, though, short-time working—and under-recovery of overheads—are widespread, and in the major international markets, with the exception of South Africa, competitive pressure, largely from Union Carbide, is intense.

Berec is catching up with new battery technology, but only slowly. Real recovery is still a distant prospect, the company is losing money in current cost terms, and the yield on the shares at 89p, down 4p yesterday, is less than 9 per cent.

## Viking Resources

Investment trusts do not usually have rights issues—and with good reason. Since their shares normally stand at a substantial discount to their underlying asset value, they cannot justify asking shareholders to subscribe money for new equity, much to the managers' frustration.

But Viking Resources' discount has for some time been a good deal narrower than the sector average, and in recent weeks, as interest has flared up again in the specialised oil stocks in which Viking largely invests, the discount has almost vanished. At last night's price of 166p its shares actually stand at a small premium to the net asset value of 163.9p struck a week ago.

Shareholders are being offered a one-for-one issue at 50p per share, which will raise £10m. Viking proposes to maintain the dividend on the new shares despite the large scrip element, although they will not rank for the first half of this year's payout.

Viking supports its request for new funds by arguing that it sees a number of opportunities in special situations such as over-the-counter American oil stocks which most fund managers have no time to study. But its reluctance to raise cash by selling its Shell and BP shares, since these provide the franked income out of which it pays its own dividends, is not wholly convincing.

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